Sage Timberline Office

2011 Year-End Procedures Guide

Accounting and Management Products

sage

Dear Sage Timberline Office Customer:

The *2011 Year-End Procedures Guide* is a benefit of your Sage Timberline Office service plan subscription. We encourage you to use this guide as a helpful tool to manage your company's year-end closing process.

For the 2011 year-end release, we are supporting versions 9.8 and 9.7 only. In order to complete 2011 year-end processing, you will need to upgrade to 9.8 or 9.7. Please contact your Sage business partner for assistance with upgrading.

Each year, government agencies establish new reporting requirements that may affect your company's year-end reporting. These changes are incorporated into the year-end software release. The 2011 year-end release will be available for you to download in early December. We will send a notice when the 2011 year-end update is available.

We will continue to monitor for changes, and recommend that you review the year-end software notice to determine if any of the changes affect you. Download and install the year-end software update if you are impacted by any of the changes.

Tax Forms and eFiling

Last year we introduced a popular new feature in our software - eFiling with Aatrix. This service is an easy, convenient and economical way to generate your state and federal forms. Using the option provided in your software, you can either file electronically, or print and manually process forms.

In Payroll, select:

- **Tasks > Quarterly Reporting > State eFile and Reporting**
- **Tasks > Federal Reporting > Federal eFile and Reporting**
- **Tasks > eFile and Reporting (Canada)**

In Accounts Payable, select **Tasks > Government eFile and Reporting**.

In Property Management, select **Tasks > eFile Form 1099**.

Important: We recommend that you begin using the eFiling option this year to become familiar with the many benefits the service provides. For 2012 year-end processing, we are scheduled to retire the generation of tax forms directly from Sage Timberline Office.

To learn more about generating your government forms with Aatrix, refer to the *eFiling Guide*. You can find the *eFiling Guide* in the Knowledgebase. See "Access the Sage Customer Portal" on page 5 for more information on using the Knowledgebase.

Conventions Used in this Document

This document uses the following conventions:

- Information you type into the software is shown in bold font; for example: Type **Miscellaneous** in the box.

- The names of screens, windows, fields, and other features displayed by the software are shown in **bold font**.

- The names of buttons you can click are enclosed in brackets with bold font; for example, [**OK**], [**Post**].

- Names of keys are shown in capitals; for example, ENTER, TAB. A plus sign (+) between two key names indicates that you should press both keys at the same time; for example, SHIFT + TAB.

- Names that are variable or are specific to your installation appear in italics and brackets; for example: [*Drive*]\\[*Server Name*]

Symbols

NOTE: This symbol is used when presenting information that is supplemental to the adjacent text.

TIP: This symbol is used when presenting information that is helpful to know when using the software.

CAUTION: This symbol is used when presenting information that is important because it can help you avoid a costly or time-consuming error.

IMPORTANT: This symbol is used when presenting information that is critical to understand or that requires you to take some action.

Menu Paths

In this document, menu paths show you the steps required to start a task. Menu paths appear in bold font with angle brackets separating each menu option; for example:

In Payroll, select **Tools > Download Taxes**.

To follow this path, open the Payroll application, and from the **Tools** menu, select the **Download Taxes** option.

Using This Procedures Guide

Throughout the procedures used in this guide, default file names are referenced (for example, Current.glt and History.glt). If you use named files, substitute your named files for the default names.

Sincerely,

Sage

Contents

Chapter 1: Frequently Asked Questions

The *2011 Year-End Procedures Guide* is designed to help you with your year-end processing. You may save yourself valuable time and a phone call if you check these frequently asked questions in the application sections of this guide before you contact Customer Support.

Accounts Payable Questions and Answers on

Chapter 2: Preparing for Year-End Processing and Reporting

This *2011 Year-End Procedures Guide* is designed to help you with your year-end processing and reporting. Please read each section carefully and decide what recommendations and instructions will help your year-end process run smoothly.

Important Reminders

Backup and Copy Procedures

Throughout this guide you are asked to back up and copy files. These copies are important:

- To preserve an off-site copy in case of damage to your building.
- To eliminate the need to re-key data in case of damage to your system.
- To ensure that you have a copy of your files for reference before you close the current year.

Appendix B lists the file names to back up or copy in each application. Be sure to show file extensions to ensure proper operation. More detailed information is available in Chapter 7 of the *User's Guide*, which is available in the Sage Knowledgebase.

About the 2011 Year-End Downloads

The 2011 year-end release containing government-mandated changes is available in downloadable format only. The downloadable files include the required year-end changes only, saving you from having to upgrade by installing an entire DVD at year end. You will receive a link to the downloadable files in December.

Please be aware that the 2011 year-end release is compatible with Sage Timberline Office versions 9.7 and 9.8. If you are not familiar with your operating system, data files, backup procedures, or the Sage Timberline Office software, contact your Sage Business Partner to arrange for assistance from a certified consultant.

The 2012 tax updates are available separately in downloadable form only. In Payroll, select **Tools > Download Taxes** to download the new 2012 tax file. You will be notified when the tax changes are available in late December.

CAUTION: Do not install 2012 tax files until after you finish processing payroll for 2011 and are ready to process your first payroll for 2012.

Getting Help With Year-End

Here are some helpful tips to keep in mind to help us provide better service:

Access the Sage Customer Portal

- You can log on to the Sage Knowledgebase 24 hours a day, 7 days a week for solutions to over 9,000 Sage Timberline Office topics as well as software alerts, notices, release guides, and year-end information. This is the same online tool our support staff uses when responding to calls from service plan customers. To access the Sage Knowledgebase, log on to http://www.sagecre.com/customerlogon.

  After you log on to the Sage Customer Portal, click the **Knowledgebase** tab and type a keyword.

- For more information about 2011 year-end processing, subscribe to knowledgebase article KB2011. We will post information and articles about 2011 year end as they become available. By subscribing, you will receive email notification each time we post new information.

  Follow the steps below to create a new Knowledgebase subscription.

  a Perform a search to locate the article you want to subscribe to.

  b In the list of returned articles, click **Subscription** next to the article you want to subscribe to.

  c Enter or select the following information:

  ▫ **Name**: Accept the default name suggested by the Knowledgebase or enter your own name. This will be subject of the email you receive when the article is updated.

  ▫ **Notification On**: Select **Any Change**, **Deletion**, or **Modification**. Notification on **Any Change** includes deletion and modification edits.

  ▫ **Frequency**: Select **Daily**, **Weekly**, **Monthly**, or **On Every Event**.

  ▫ **Expires**: Select **Never**, **After One Week**, **After One Month**, **After Six Months**, or **After One Year**.

  ▫ **Comments**: Enter any comments that are helpful to you. These comments will be included in the email you receive when the article is updated. You might find it helpful to make a note to yourself here about why you subscribed to the article.

  d Click **Save Subscription**, and then click **Close**.

- Review your support-call activity, update open tickets, submit a new ticket, or add a note to an existing support ticket. Our Customer Support department is available to respond to online inquiries between 6 a.m. and 5 p.m. (Pacific Time) Monday through Friday. For international customers, Support will respond between 8 a.m. and 5 p.m. (GMT + 10:00) Monday through Friday.

- If you cannot find the answer to your question in the Sage Knowledgebase and your service plan provides online technical support, submit a new support ticket on the Sage Customer Portal. After you log on to http://www.sagecre.com/customerlogon,click the **Cases** tab, from the **Question Category** drop-down menu select **Technical Product Question**. In the **Service Plan Details** grid, select your service plan. Provide a **Subject** and **Detailed Description** of your question, and then click [**Save**] to submit the form.

Live Chat

Did you ever have a quick question and wish you could just chat with a Customer Support analyst without picking up the phone? Now you can! If your current service plan includes telephone support, it also includes Live Chat support. It is easy to get started. After logging on to the Sage Customer Portal at

http://www.sagecre.com/customerlogon, click the **Cases** tab and then click **Chat with a support analyst** to chat online with a Sage Timberline Office support analyst during regular Sage business hours. This is a great option for those quick questions.

Phone Support

If you prefer to speak to Customer Support, call 800-551-8307. Support hours are Monday through Friday from 6 a.m. to 5 p.m. (Pacific Time).

Holiday Schedule

We will be closed on the days listed below. Please note we will observe the Christmas holiday on December 26 and December 27 this year.

Holiday	Date
Thanksgiving Day	Thursday, November 24, 2011
Day Following Thanksgiving	Friday, November 25, 2011
Christmas Day (observed)	Monday, December 26, 2011
Day Following Christmas (observed)	Tuesday, December 27, 2011
New Year's Day 2012 (observed)	Monday, January 2, 2012

During year end, Customer Support receives a greater number of calls than normal. We thank you in advance for your patience during this busy time. Off-peak hours in the support center are after 2 p.m., Pacific Time.

Determine Your Software Version

If you need to contact Sage, you should know your software version. To determine which version of the software you use, in TS-Main, select **Help > About TS-Main**. An example is shown below.
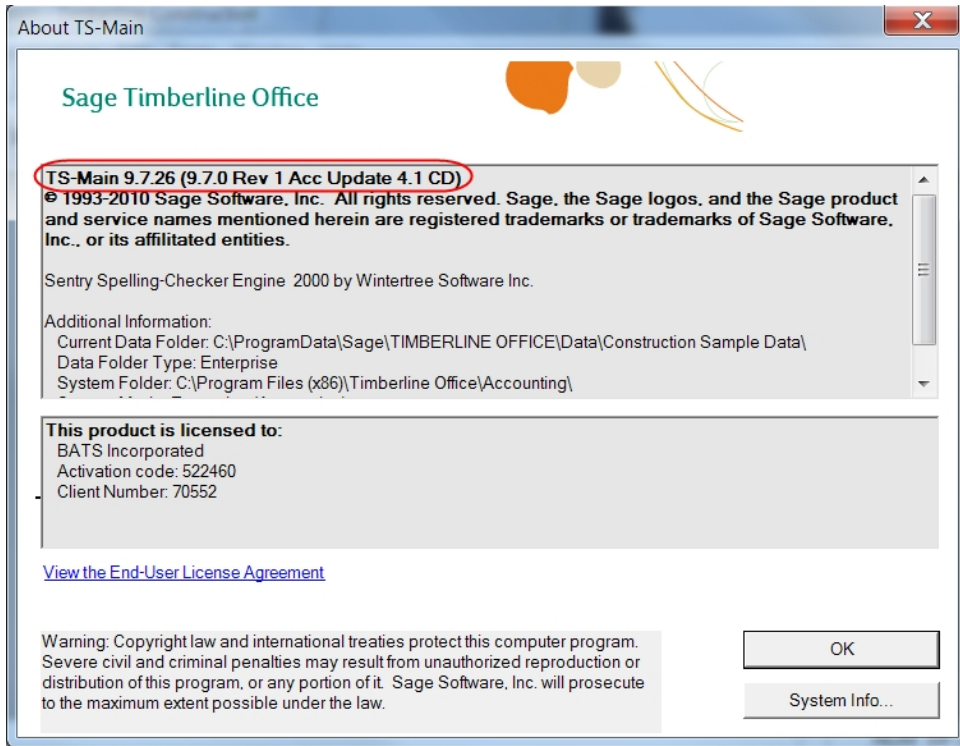
After you determine which software version you have, make a note for reference later.

Upgrading Your Service Plan

If your service plan does not provide online technical support, you can add or upgrade a service plan by calling 800-858-7098.

Get Training to Help with Year-End

Complimentary Year-End Procedures Sample Subscription

To help you with your year-end tasks, we are offering four complimentary Anytime Learning lessons, in which you'll learn how to:

- Download the Year-End Update
- Download and Update Taxes
- File Form W-2
- File Form 1099

Register for this complimentary sample subscription at http://www.sageu.com/timberline. Registration is fast and simple, and gives you immediate access to these complimentary lessons.

Complete Year-End Procedures Subscription

The complete subscription for Year-End Procedures is available for $190.00 (USD). The subscription will be updated for 2011 and ready to view by early December.

Appropriate for both Construction and Real Estate customers, this subscription includes 25 lessons that cover year-end tasks such as:

- Preparation and filing of 1099s, 1098s, W-2s, and T5018s (Canada)

- Making adjustments to General Ledger

- Archiving data for historical purposes

- Performing closing procedures in Accounts Payable, General Ledger, Payroll, Cash Management, and Property Management

Registration for this subscription gives anyone in your company access to these lessons for a full year. To register, go to http://www.sageu.com/timberline. From the left column, select **Product Training**, then **Year-End Procedures**, **Anytime Learning**. Complete descriptions of these lessons.

Or, maybe you like a blended approach with both in-person and recorded training? Check with your local Sage business partner to learn more about local classroom or onsite training options for year-end topics, or call the training information team at 877-724-3285 for more information.

Tax Forms

You can generate and print W-2s, 1099s, and other forms directly from Accounts Payable, Payroll, and Property Management using Sage Timberline Office or using Aatrix Software, a leading provider of online filing for payroll and tax forms. Aatrix generates state and federal reports using information extracted from Payroll, Accounts Payable, and Property Management. In Aatrix you can select to print and mail the forms yourself, eFile your forms, or have Aatrix print and mail them for you.

We recommend that you begin using the Aatrix option this year to become familiar with the many benefits the service provides. We are scheduled to retire the generation of tax forms directly from Sage Timberline Office in 2012. See the eFiling Guide for more information. The eFiling Guide is available in the Sage Knowledgebase.

Which tax forms do I need to order for Year-End 2011?

The forms you order for Year-End 2011 depend on whether you will generate forms from Sage Timberline Office or from Aatrix.

Print or eFile Forms with Aatrix Software

You can generate W-2s, 1099s, and other forms with Aatrix in the following locations:

In Payroll, select **Tasks > Federal Reporting > Federal eFile and Reporting**.

In Accounts Payable, select **Tasks > Government eFile and Reporting**.

In Property Management, select **Tasks > eFile Form 1099**.

Order the following forms if you want to print after you generate the forms using Aatrix.

Form	Paper/Form Required
Federal W-2	Blank Paper
State and Payer W-2	Blank Perforated Paper
Employee W-2	Blank Perforated 4-up W-2 Paper*
Federal 1099 -DIV, -INT, -or -MISC	Pre-printed Red Ink Form
Federal 1096	Pre-printed Red Ink Form
Recipient 1099 -DIV, -INT, -or -MISC	Blank Perforated 1099 Form**

NOTE: The Federal W-2 copy does not require the Red Ink paper, see KB9464

*The perforated W-2 forms purchased from Sage CRE Forms have instructions printed on the back of the forms. You do have the ability to print out the instructions and make copies to send with the W-2s and 1099s but it is not recommended.

**You can print the instructions for 1099 Forms and then make copies to send with the 1099s.

Print Forms with Sage Timberline Office

You can generate the W-2 and Form 1099s directly from Sage Timberline Office as follows:

In Payroll, select **Tasks > Federal Reporting > Generate W-2 Magnetic Media**

In Accounts Payable select **Reports > Forms**

In Property Management select **Tasks > eFile Form 1099 or Reports > Forms**

Print forms directly from Sage Timberline Office

Form	Paper/Form Required
Federal W-2	Pre-Printed Red Ink Form
State and Payer W-2	Pre Printed W-2 Form
Employee W-2	Pre-Printed 4-up or C/2 W-2 Paper
Federal 1099 –DIV, -INT or -MISC	Pre-Printed Red Ink Form
Federal 1096	Pre-Printed Red Ink Form
Recipient 1099 –DIV, -INT or -MISC	Pre-Printed 1099 Form

For both options you can place orders by calling 800-760-7929 or visiting the Sage CRE Forms web site at http://www.sagecreforms.com.

> **TIP:** If you choose to order forms from a vendor other than Sage Construction and Real Estate Forms, you may want to order a set of sample forms from Sage CRE Forms to make sure that they are identical to the forms that you plan to order.

Laser Form Considerations

You should print test copies of laser forms before you order a full supply to verify that your printer is compatible with them. Contact Sage Construction & Real Estate Forms at 800-760-7929 or visit them at http://www.sagecreforms.com for samples.

Some of the earlier laser printers and many inkjet printers may not be compatible with these laser forms due to built-in margins in the printer driver (also referred to as the printer's clip region or unprintable area). If this is the case, you will find that you are unable to adjust the top or left margins in order for all of the data to fit in the boxes on the form. You must use a different printer.

Calculate the Number of W-2s to Order

The Payroll application contains a report design which automatically estimates the number of W-2 forms needed for year end. You can access the W-2 Count report in Payroll by selecting **Reports > Tax Preparation > W-2 Count**. This report allows you to select either year-to-date or prior year amounts and up to six abbreviated state IDs. The W-2 Count report separates the states in three W-2 runs, based on the number of state IDs you enter.

> **NOTES:**
> - For more information on federal form printing requirements, refer to Knowledgebase article KB2050.
> - The W-2 Count report does not include W-2s needed for localities.

W-2 Print Runs

To learn more about generating your government forms with Aatrix, refer to the *eFiling Guide*. You can find the *eFiling Guide* in the Knowledgebase. See "Access the Sage Customer Portal" on page 5 for more information on using the Knowledgebase.

Determine the number of W-2 print runs based on the criteria listed below. More than one category may apply to your company.

- **Single states**—If you process payroll in only one state, you can use your state print run of W-2 forms for your federal copy.

- **Two states**—If you have employees who work in two states, you can print one run of W-2s at the state level. Each W-2 form allows information for up to two states. Select the primary state in the **Print Selection** window.

1 Select **Tasks > Federal Reporting > Generate W-2 Magnetic Media**.

2 Select **State** as the level, and then select a state from the [**List**]. Click [**Form Options**] and select the secondary state in the **State 2** field in the **W-2 Forms - Printed Form Options** window. When you print the W-2 forms, if the employee has earnings only in the first state they will be the only earnings to

appear on the form. If the employee has earnings only in the second state, they will be the only earnings to appear on the form. If the employee has earnings in both states, the primary state earnings appear first and the secondary state earnings appear next.

- **More than two states**—If you have employees who work in three or more states, perform separate federal and state W-2 print runs. Follow the instructions for printing two states described above, printing a W-2 with information for the first two states. Print subsequent W-2 forms for the remaining states, in groups of two, until a W-2 has been printed for each employee for each state.

- **Multiple localities**—On a state print run, you can print up to two localities for an individual employee on the W-2 form. If you need to report more than two localities for an employee, you may need to print a local level W-2 form. You can also use a formula to combine multiple locality amounts. See "I need to report more than two local taxes on W-2s. What type of formula do I need to use?" on page 24 in the Payroll section of this guide for more information.

Calculate the Number of 1099s to Order

To learn more about generating your government forms with Aatrix, refer to the *eFiling Guide*. You can find the *eFiling Guide* in the Knowledgebase. See "Access the Sage Customer Portal" on page 5 for more information on using the Knowledgebase.

To calculate the number of 1099s to order, use the **1099 Preparation** report and the **1099 Mag Media Status** report.

Follow the instructions below to print these reports. If you want to see specifically which vendors need a 1099, choose Option A. If you only want a count of how many vendors need a 1099, choose Option B.

NOTE: You can use Accounts Payable to print 1099s, print the **1099 Preparation** report, or generate a magnetic media file an unlimited number of times at any time of the year.

Option A

Print the **1099 Preparation** report in Accounts Payable to see which vendors need a 1099 as follows:

1 From the **Reports** menu, select **Miscellaneous** > **1099 Preparation**.

2 Select **To vendor** if you only print one 1099 for each vendor. Select **By fiscal entity** if you print separate 1099s for each of your fiscal entities.

3 Click [**OK**].

4 If you want to only see vendors which meet the IRS minimum reporting requirement, add a condition as follows:

   a Click [**Conditions**].

   b Click [**Add**].

   c In the **Field** column, select **1099 Amt Paid This Yr** if you intend to print 1099s for this year's 1099 totals. Select **1099 Amt Paid Last Yr** if you intend to print 1099s for last year's 1099 totals.

NOTE: If you selected **By fiscal entity** in step 2, select **YTD Amt Paid** in the **Field** column if you intend to print 1099s for this year's 1099 totals. Select **Last Yr Amt Paid** if you intend to print 1099s for last year's 1099 totals.

   d In the **Operator** column, select **Greater or equal to**.

 e In the **Value** column, type the IRS minimum reporting amount. For example, if you only need to print 1099s for vendors that received **$600.00** or more, type **600**.

 f Click [**OK**] twice.

5 Click [**Print Preview**] to review the report, or click [**Start**] to print the report to a file or printer.

Option B

Review the **1099 Mag Media Status Report** to quickly determine the number of 1099s you need to print as follows:

> **NOTE:** You can use the **1099 Mag Media Status Report** to count your 1099 vendors even if you do not intend to submit magnetic media to the IRS.

1 From the **Reports** menu, select **Forms** > **1099s**.

2 In the **1099 Amounts to Report** section, select **To vendor** if you only print one 1099 for each vendor. Select **By fiscal entity** if you print separate 1099s for each of your fiscal entities. If you select **By fiscal entity**, follow these additional steps:

 a Type one of the prefixes that you want to print 1099s for in the **GL Prefix** box then click [**OK**].

 NOTE: Do not click [**Ranges**].

 b You may receive a prompt if you did not completely fill out the payer information on your prefixes in General Ledger (**Setup** > **Prefix/Base** > [*Prefix Name*]). Click [**OK**] to close any prompts.

 c Since you can only determine the number of 1099s for one entity at a time, repeat Option B for each fiscal entity that needs to print 1099s.

3 Select the **Foreign entity** check box, type **1** in every open box, and click [**OK**].

4 In the **Reporting Year** section, specify the year you want to print 1099s for. You can print 1099s for the current Accounts Payable 1099 year or the previous 1099 year.

> **NOTE:** Verify your current 1099 year in **Accounts Payable settings** (**File** > **Data Folder Settings** > **AP Settings**).

5 In the **Minimum reporting amount** box, type the minimum reporting amount. For example, type **600** if that is the current IRS minimum reporting amount.

6 Select the **Generate magnetic media** check box.

7 In the **Form Type** section, select the appropriate form type.

> **NOTE:** If different vendors require different 1099 forms, repeat Option B and select a different form type each time to count 1099s for different form types. When you select a **Form Type**, Accounts Payable only verifies 1099s for vendors set up with that same form type (**Setup** > **Vendors** > **1099 Settings**).

8 In the **Magnetic Media Information** section, select the **Foreign entity** check box.

9 In the **Transmitter control** box, type **111**.

10 In the **Return contact** box, type **1** and click [**OK**].

11 In the **Magnetic Media File Name** window, from the **Save in** list, select **Desktop** or a folder that is easy for you to find later.

12 In the **File name** box, replace **IRSTAX** with **DELETEME**, and then click [**Save**].

13 Click [**Printer Setup**], select the **Print to file** check box, and click [**OK**]. Do not clear the check box if it is already selected.

14 Click [**Start**].

15 In the **Print File Selection - 1099 Forms** window, type a name for your print file and click [**Save**].

16 In the **Print File Selection - 1099 Mag Media Status Report** window, from the **Save in** list, select **Desktop** or another folder that you can find easily.

17 In the **File name** box, type **1099count** and click [**Save**].

18 Find the **1099count** file on your Windows Desktop or in the folder where you saved the file. Double-click the file to open it.

19 Make a note of the number for **Number of vendors processed**.

The **Number of vendors processed** is the total number of vendors that need a 1099, either overall, or for any prefix you specified. This number may also vary if different vendors need different 1099 form types. Repeat the steps in Option B for each prefix for which you need to print 1099s, and for each form type for which you need to print 1099s. After you finish generating the last **1099 Mag Media Status Report** you need to count 1099s, delete the **DELETEME** file, and any print or text files that you no longer require.

NOTE: Because different fiscal entities can print 1099s for different form types, you may need to generate the **1099 Mag Media Status Report** multiple times for each fiscal entity and specify a different 1099 form type each time.

General Year-End Questions and Answers

1 **I have never closed my year before. Where do I start?**

Read this guide, or participate in year-end training. For more information about training, visit Sage Software University at http://www.SageU.com. Select **Sage Timberline Office** as your product line and look for Anytime Learning options.

2 **Which tax forms should I order?**

The forms you order for Year-End 2011 depend on whether you will generate forms from Sage Timberline Office or from Aatrix. See the section on "Tax Forms" on page 8

3 **When will I receive the year-end update?**

The 2011 year-end software is available as a downloadable update only. No year-end DVD will be distributed. A link to the update will be sent out in December.

4 **When will I receive my tax files for the new year?**

Sage will send a notification in late December when the tax file is ready to download.

5 **In what order should I close my applications?**

The order depends on your individual company's accounting practices. All of Sage Timberline Office's applications can be closed independently of one another. However, Payroll is generally closed first in order to begin processing payroll for the next year and produce W-2s. This is followed by Property Management and Accounts Payable so that 1099 forms can be produced and so that the vendor totals for this year, last year, and next year are accurate. You should reconcile your subledgers to your General Ledger and close those applications. General Ledger is usually the last application to be closed. "Year-End Closing Sequence" on page 15 for the sequence of year-end closing steps.

6 My company's fiscal year does not run on the calendar year. What do I need to do?

For Payroll and Property Management applications, follow the normal year-end procedures described in this document. In Accounts Payable, however, close the 1099 year by itself by selecting **Tasks > Close 1099 Year**. Do not select the **Close Year** task unless it is also the end of your fiscal year.

7 What do I do if my magnetic media is rejected by the IRS or SSA?

Sage Timberline Office is able to generate 1098, 1099, and W-2 magnetic media. If your magnetic media is rejected, contact Customer Support and we will analyze what steps to take.

8 When do I back up my files?

Before you download and install the year-end software update, you should create a complete backup of your data and system files. We recommend that you use third-party backup software and test your backup by restoring to an empty folder. For more information about backups, see "System Guidance" in the *User's Guide* by clicking **Help > Documents > Users Guide**.
We also recommend you create an annual archive after completing your year-end processing as well. This archive can be used for restoring data or reporting purposes.

Throughout this book, you will see warnings advising you to back up files using **File Tools**. These backups are meant to restore files immediately if a process does not finish successfully. They are not meant to replace your annual backup. When you use **File Tools**, be sure to show file extensions to ensure proper operation. See "Backing Up Files" on page 87 for more information.

9 I am exploring the option of eFiling this year. What should I know before starting the process?

To learn more about generating your government forms with Aatrix, refer to the *eFiling Guide*. You can find the *eFiling Guide* in the Knowledgebase. See "Access the Sage Customer Portal" on page 5 for more information on using the Knowledgebase.

Prepare for Year-End Processing

You must back up your Sage Timberline Office data and system files before you begin any year-end procedures. You can make this complete backup using whatever backup utility you prefer, provided you use external media (for example, CD-ROM, DVD-ROM). Store this backup off site permanently. For more information about backups, see "System Guidance" in the *User's Guide*.

NOTE: You will need this complete backup if you must restore after processing in multiple applications.

Be sure you have installed the latest version of the software to comply with government reporting for Accounts Payable, Payroll, and Property Management, if necessary.

Be sure you set up any staff through Timberline Office Security (**Security Administration** on the Desktop **Tools** menu who require access to year-end tasks. If you have had any staff changes, review system security and file access to verify proper permissions.

Year-End Closing Sequence

NOTE: This checklist provides a recommended sequence of steps. Your actual sequence may vary, depending upon your organization's processes.

Month	Task	Refer to...
December	Download and install the year-end software update.	"Important Reminders " on page 4
	Calculate how many W-2 forms to order.	"Calculate the Number of W-2s to Order" on page 10
	Calculate how many 1099 and 1098 forms to order.	"Calculate the Number of 1099s to Order" on page 11
	Run the final payroll.	"Chapter 3: Payroll" on page 17
	Post payroll checks for the current year.	"Chapter 3: Payroll" on page 17
	Set up a new template or modify an existing template for W-2 forms for your company.	"Chapter 3: Payroll" on page 17

Month	Task	Refer to...
January	Perform Payroll year-end procedure.	"Chapter 3: Payroll" on page 17
	Perform Accounts Payable year-end procedure.	"Chapter 4: Accounts Payable" on page 40
	Perform Property Management year-end procedure.	"Chapter 5: Property Management " on page 59
	Perform Accounts Receivable year-end procedure.	"Accounts Receivable" on page 72
	Perform Cash Management year-end procedure.	"Cash Management" on page 72
	Perform Contracts year-end procedure.	"Contracts" on page 73
	Perform Equipment Cost year-end procedure.	"Equipment Cost" on page 73
	Perform Job Cost year-end procedure.	"Job Cost" on page 74
	Perform Residential Management year-end.	"Residential Management" on page 76
	Perform Service Management year-end procedure.	"Service Management" on page 76
January/February	Perform General Ledger year-end procedure.	"Chapter 7: General Ledger" on page 77

Chapter 3: Payroll

Checklist

This checklist provides a recommended sequence of steps only. Your actual sequence may vary, depending upon your organization's processes.

To learn more about generating your government forms with Aatrix, refer to the *eFiling Guide*. You can find the *eFiling Guide* in the Knowledgebase. See "Access the Sage Customer Portal" on page 5 for more information on using the Knowledgebase.

1. December Tasks, see page 29

_____Order W-2 forms.

_____Run the final payroll for 2011.

_____Decide when to print W-2 forms, before or after closing the year.

_____Post checks for 2011.

_____Set up formats for W-2 forms.

2. Close the Year, see page 30

_____Decide whether or not you want to retain totals for any other payments, deductions, or fringes.

_____Run the **Close Year** task.

_____Download the year 2012 tax file and update taxes.

3. Run the First Payroll of 2012, see page 31

_____Verify taxes are updated and the year-end date is 2012 prior to running payroll.

NOTE: Ensure your state unemployment insurance tax rates (SUI) are also up-to-date.

4. January - Prepare for Year End, see page 32

_____Print all management reports.

_____Reconcile Payroll to itself and to General Ledger.

_____Make a backup copy of your entire database if you have not already done so.

5. Print W-2 Forms, see page 33

_____Print a test run of W-2s on plain paper or to a file.

_____Print W-2s.

_____Optional - generate magnetic media if needed.

6. Create an Annual Archive

We recommend you back up your entire data base, creating an annual archive after completing your year-end processing. This archive can be used for restoring data or reporting purposes. For more information on backing up, see "Appendix B" on page 84 Chapter 7 of the _User's Guide_, which is available in the Sage Knowledgebase.

7. Move Checks, Move Terminated Employees, and Compact Files, see page 35

_____Archive the 2011 checks.

_____Move terminated employees.

_____Compact your Payroll master and current transaction files.

Payroll Year-End Workflow
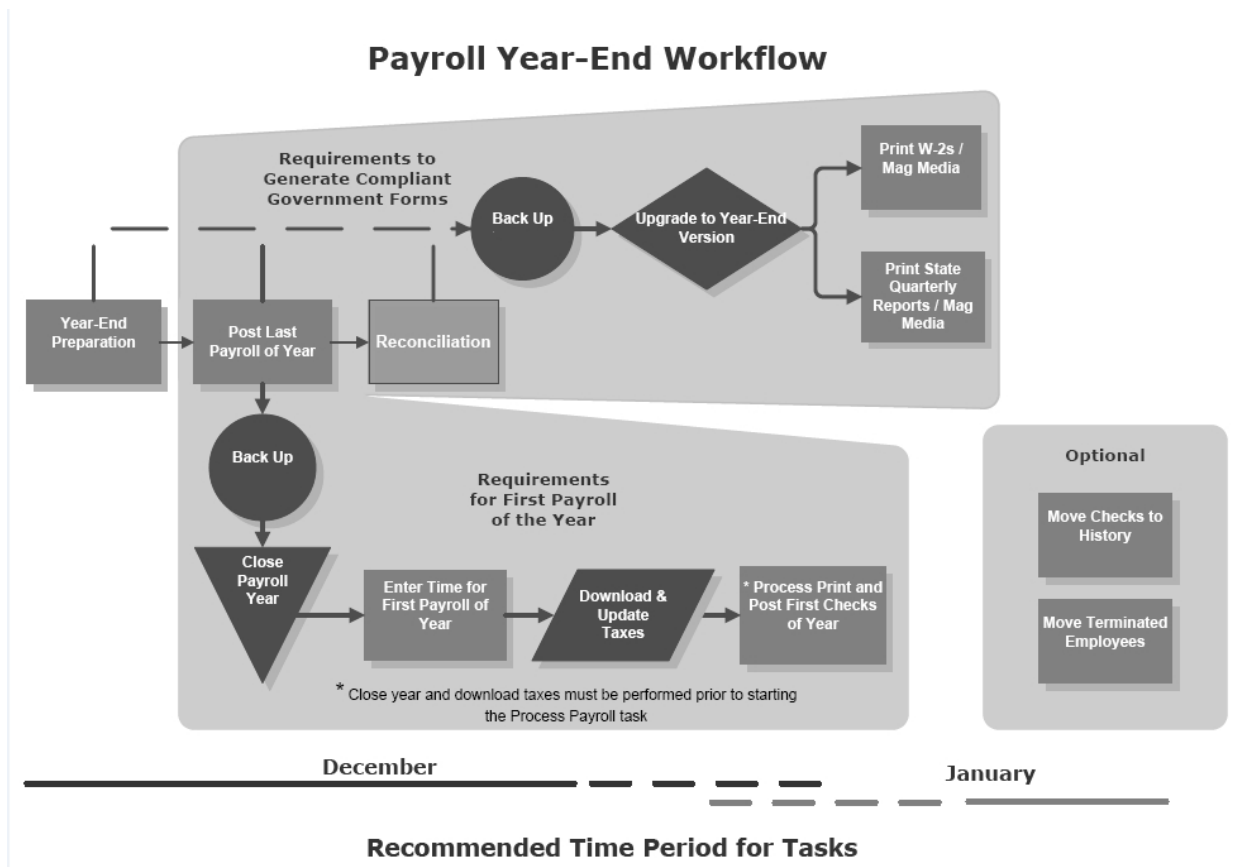
Common Payroll Questions and Answers

1 I am exploring the option of eFiling this year. What should I know before starting the process?

To learn more about generating your government forms with Aatrix, refer to the *eFiling Guide*. You can find the *eFiling Guide* in the Knowledgebase. See "Access the Sage Customer Portal" on page 5 for more information on using the Knowledgebase.

2 What type of W-2s does Sage Timberline Office support?

Sage Timberline Office only supports preprinted laser forms from Sage Construction and Real Estate forms. Refer to the "W-2 forms" section in Payroll Help for more information on printing laser forms.

Supported forms for Sage Timberline Office are:

◘ Laser W-2.

◘ Four-up (four copies per page) employee-only copies.

3 How do I calculate the number of W-2s to order?

The Payroll application contains a report design which automatically estimates the number of W-2 forms needed for year end. You can access the W-2 Count report by selecting **Reports > Tax Preparation > W-2 Count**. This report allows you to select either year-to-date or prior year amounts and up to six abbreviated state IDs. The W-2 Count report separates the states in three W-2 print runs, based on the number of state IDs you enter.

NOTE: The W-2 Count report does not include W-2s needed for localities.

4 How many print runs should I make for the W-2 forms?

◘ **Single states**—If you process payroll in only one state, you can use your state print run of W-2 forms as your federal copy.

◘ **Two states**—If you have employees who work in two states, you can print one run of W-2s at the state level. Each W-2 form allows information for up to two states. Select the primary state in the **Print Selection** window (**Tasks > Federal Reporting > Generate W-2 Magnetic Media**). Select **State** as the level, then select a state from the [**List**]. Click [**Form Options**] and select the secondary state in the **State 2** field in the **W-2 Forms - Printed Form Options** window.

When you print the W-2 forms, if the employee has earnings only in the first state they will be the only earnings to appear on the form. If the employee has earnings only in the second state, they will be the only earnings to appear on the form. If the employee has earnings in both states, the primary state earnings appear first and the secondary state earnings appear next.

◘ **More than two states**—If you have employees who work in three or more states, perform separate federal and state W-2 print runs. Follow the instructions for printing two states described above, printing a W-2 with information for the first two states. Print subsequent W-2 forms for the remaining states, in groups of two, until a W-2 has been printed for each employee for each state.

◘ **Multiple localities**—On a state print run, you can print up to two localities for an individual employee on the W-2 form. If you need to report more than two localities for an employee, you may need to print a local level W-2 form. You can also use a formula to combine multiple locality amounts. I need to report more than two local taxes on W-2s. What type of formula do I need to use?

5 Do I need to download and install the year-end software update before running W-2s?

We recommend you review the year-end software update notice to determine if any of the changes apply to you.

6 How do I set up bonus pays or supplemental wages to be taxed at a specific rate?

Supplemental wages are pays included on an employee's check that should be taxed at a flat federal and state withholding tax rate. For example, you may want to tax a year-end bonus pay at a flat 25% federal withholding tax rate. To create supplemental wages for a check:

a In **Setup > Pays**, enter the pay ID and description. Select **Other** as the **Pay type**. Select the **Supplemental** check box.

b Go to **Setup > Taxes > Tax Rates** and enter a **Supplemental Rate** (percentage or formula) for the appropriate federal and state withholding taxes.

For a thorough description of the process, refer to the Payroll Help topic "About supplemental wages."

7 How do I set up a vehicle reimbursement?

a Select **Setup > Pays**.

b Enter a **Pay ID** and **Description** for this pay.

c Select **Reimbursement** as the **Pay type**. The items in the window change to reflect this selection.

d Enter the applicable information for this reimbursement pay.

e Click [**Save**]; then click [**Close**].

f Customize this pay for an employee by entering and modifying it in the **Employee Setup - Pays** window.

For more detail, refer to "Setting up reimbursement pays" in Payroll Help.

NOTE: Set up a reimbursement pay for expenses incurred by an employee that are not taxable wages (for example, mileage reimbursement and gasoline reimbursement). Tax items in the **Pay Setup** window are not available when **Reimbursement** is the pay type since reimbursement pays are not taxed.

8 How do I set up a Third-Party Sick Pay in Payroll?

NOTE: Consult your tax advisor on the effects of third-party sick and disability wages on your government reports. You must manually adjust the 941 Schedule B to include these amounts. If you cannot enter checks for third-party sick pay and disability wages before you close the year and enter the new year's payroll, you will need to issue checks for a prior year.

To set up third-party sick pay or disability wages when the following is true, use Option A:

◻ A third-party insurance carrier is responsible for payment of disability wages, withholding and employee Medicare (MED), and Social Security (SOC) taxes, but is not responsible for issuing of W-2 forms at year-end.

◻ The employer is responsible for the employer portion of MED, SOC, FUTA for the first six months, and any unemployment (SUI) taxes.

◻ The W-2 must reflect the employee's disability wages and FICA withheld.

To set up third-party sick pay or disability wages when the following is true, use Option B:

◻ A third-party insurance carrier is responsible for payment of withholding and the employee MED and SOC taxes as well as issuance of a W-2 form to report this information.

◻ The third-party transfers the employer portion of the SOC and MED tax liability to the employer.

◻ This is only a liability to the employer and should not be included on the employees existing tax totals.

Option A

a Create a new pay ID, **INSUR PAY**.

    i From the **Setup** menu, select **Pays**.

    ii Type **INSUR PAY**, and then press the TAB key.

    iii Type a description, and then press the TAB key.

    iv In the **Pay type** list, select **Other**.

    v Select the **In/Out** check box.

    vi In the **Calculation method** list, select **Flat Amount**.

    vii Click [**Deduct**] and enter the credit account. Use the same general ledger account for both the **Pay** (expense) and the **In/Out deduction** (liability).

    viii Click [**OK**], click [**Save**], and then click [**Close**].

b Create a new deduction ID, **WASH**.

    i From the **Setup** menu, select **Deducts**.

    ii Type **WASH**, and then press the TAB key.

    iii Type a description, and then press the TAB key.

    iv Use the same general ledger liability account as the employee FICA taxes.

    v In the **Deduction Type** list, select **Normal**.

    vi In the **Calculation Method** list, select **Flat Amount**.

    vii Click [**Save**], and then click [**Close**].

c Set up the employee as a third-party sick pay recipient.

    i From the **Setup** menu, select **Employees**.

    ii Enter the employee ID of an employee that must report third-party sick pay on their W-2 form, then press the TAB key twice.

    iii Click the **Misc. Info** tab.

    iv Select the **3rd party sick** check box.

    v Click [**Save**], and repeat these steps for each employee that must report third-party sick pay on their W-2 form.

    vi Click [**Close**].

d Enter a manual check for the third-party pay amount.

    i From the **Tasks** menu, select **Enter Checks**.

ii   Click [**List**], select the employee, and click [**OK**].

iii Type the period end date, and press the TAB key twice.

iv   Use the **INSUR PAY** pay ID for the amount of disability wages paid by the insurance carrier.

v   Click [**Process**], clear the **Check** check box, and then click [**OK**].

vi   Click [**Tax**]. Select each tax amount not associated with the check and change it to **$0.00**.

vii Confirm that the calculations for MED and SOC match the amounts the insurance carrier paid. The employer portion should be the same.

viii Click [**Deduct**] and on a new entry line, enter the **WASH** deduction with a negative amount equal to the employee's tax amount. This results in a zero net check.

ix   Click [**Process**], clear the **Check** check box, and then click [**OK**]. This is necessary after you alter the check.

x   Click [**Manual**] and enter the check number and date in the **Check number** and **Check date** boxes.

NOTE: The **Check date** determines which period the check posts to in Payroll.

xi   Click [**Accept check**], and repeat these steps for each employee who receives third-party sick pay.

xii Click [**Finish**].

When you post the check, the **Wash** deduction automatically creates an entry so the employee FICA portion does not go to General Ledger as a liability. The employer taxes due are the only amounts that affect General Ledger.

NOTE: When you generate magnetic media W-2s, in the **Print W-2 Forms - Magnetic Media Options** window, you must select the **3rd Party Sick Pay** check box and enter the amount of income tax withheld by the third-party payer in the **3rd Party FWH** box.

Option B

Create a journal entry in General Ledger to post the liability to General Ledger. However, if you want to have a record of the tax amounts paid on behalf of an employee in Payroll, complete the steps below:

a   Create a new tax ID, **INSUR TAX**.

   i   From the **Setup** menu, select **Taxes** > **Tax Rates**.

   ii   Type **INSUR TAX**, and then press the TAB key.

   iii Type a description, and then press the TAB key.

   iv   Click **Federal**, click **FICA/SDI**, and then click **No table**.

   v   Select the **Employer Tax** check box.

   vi   Enter the expense (debit) and liability (credit) accounts.

   vii Click [**Save**] and then click [**Close**].

b   Enter a manual check for the third-party pay amount.

   i   From the **Tasks** menu, select **Enter Checks**.

   ii   Click [**List**], select the employee, and click [**OK**].

iii Type the period end date, and press the TAB key twice.

iv Click [**Tax**], then click [**Emplr Tax**].

v Enter **INSUR TAX** with the employer amount of FICA, FUTA, or SUI due. Do not enter earnings on the check.

vi Click [**Process**], clear the **Check** check box, and then click [**OK**].

vii Click [**Manual**] and enter the check number and date in the **Check number** and **Check Date** boxes.

NOTE: The **Check date** determines which period the check posts to in Payroll.

viii Click [**Accept check**], and repeat these steps for each employee who receives third-party sick pay.

ix Click [**Finish**].

When you post the check, the tax liability amount affects General Ledger.

9 **Will the period-end date of my last payroll affect my W-2s?**

Payroll totals are always updated by the check date. Because W-2s should include only dollars paid during the year, any checks dated January 2012 or later are not included in your 2011 W-2s. For example, if the period end date is 12/31/2011 but the check date is 1/1/2012, this check amount is not included in the employee totals for 2011.

10 **If I have multiple localities per state, do I need multiple W-2 formats set up?**

You can customize boxes 18, 19, and 20 to include multiple localities by selecting formulas for these fields in **Tools > Modify Forms > W-2 Forms > Amounts**. See "I need to report more than two local taxes on W-2s. What type of formula do I need to use?" on page 24

11 **How do I add a 401(k) deduction to the W-2?**

a Select **Tools > Modify Forms > W-2 Forms**.

b Select the **W-2 Form**.

c On the **Amounts** tab, place your cursor in one of the amount fields for box 12.

d Click [**Deducts**].

e Select the **401K Deduction** or your deduct ID from the **Deduction** list.

f To associate the **YTD** amount in box 12 to a W-2 code, enter a letter in the box 12 code field. For example, D represents the amount of elective deferrals to a **401(k)** cash or deferred arrangement. See the Payroll help topic "About box 12 on W-2 forms" for a list of codes.

g Click [**Save**].

h Click [**Close**].

12 **How do I mark the Retirement Plan and Third-Party Sick Pay boxes on the W-2?**

a Select **Setup > Employees**.

b On the **Misc Info** tab, select the **Retirement plan** and **3rd party sick** check boxes.

13 **If I have employees who work in multiple states, how do I print W-2s?**

If you have employees who work in two states, select the primary state in the **Print Selection** window (**Tasks > Federal Reporting > Generate W-2 Magnetic Media**). Select **State** as the level, then select a state from the [**List**]. Click [**Form Options**] and select the secondary state in the **State 2** field in the **W-2 Forms - Printed Form Options** window. When you print the W-2 forms, if the employee has earnings only in the first state they will be the only earnings to appear on the form. If the employee has earnings only in the second state, they will be the only earnings to appear on the form. If the employee has earnings in both states, the primary state earnings appear first and the secondary state earnings appear next.

If you have employees who work in three or more states, perform separate federal and state W-2 print runs. Follow the instructions for printing two states described above, printing a W-2 with information for the first two states. Print subsequent W-2 forms for the remaining states, in groups of two, until a W-2 has been printed for each employee for each state.

14 **I need to report more than two local taxes on W-2s. What type of formula do I need to use?**

You will find several formulas in the Payroll formula file to facilitate the reporting of local taxes on W-2s: **Local Tax ID**, **Local Tax ID2**, **Local Tax ID3**, **YTD Local Tax**, **YTD Local Tax2**, **YTD Local Taxable**, and **YTD Local Taxable2**. These formulas are examples and you must modify them for specific local tax IDs. If you are reporting on the prior year, the formulas must be modified to report prior year taxes. To modify these formulas, you must first copy them to **Public Formulas**. For more information, see "About reporting local taxes on W-2 Forms" and "Reporting prior year local taxes on W-2 forms" in Payroll Help.

15 **I need to combine more than one tax, pay, fringe, or deduction in a single box on the W-2. What formula can I use in the W-2 amount field?**

The record needed to pull the associated field is denoted in angle brackets (<#>). For example, the field **YTD Tax <Employee Tax>** will be found on the employee tax record.

a Lookup YTD tax:

LOOKUP(YTD Tax<Employee Tax>, Employee<Employee>, 3, "SALEM") + LOOKUP(YTD Tax<Employee Tax>, Employee<Employee>, 3, "ASTORIA")

"SALEM" and "ASTORIA" are local tax IDs. The 3 in the formula represents the tax level (1 = Federal, 2 = State, 3 = Local).

b Lookup YTD earnings:

LOOKUP(YTD Pay<Employee Pay>, Employee<Employee>, 3, "BONUS") + LOOKUP(YTD Pay, Employee, 3, "BONUS2")

"BONUS" and "BONUS2" represent actual pay IDs. The 3 represents the Pay Type (1 = Regular, 2 = Overtime, 3 = Other, 4 = Reimbursement, 5 = Accrual).

16 **I have two federal tax IDs but only one master file. How can I print two sets of W-2s?**

Option A

a Enter both employer tax IDs on the **US Tax Group** under **Setup > Taxes > Tax Groups**.

b Create two separate W-2 forms. To set up a new W-2 form, select **Tools > Modify Forms > W-2 Forms**. On the **Controls** tab, select **Employer ID 1** or **Employer ID 2** for the **Federal employer ID** field.

    c When you print W-2s, select the appropriate W-2 form and select the range of employees paid under the federal tax ID entered for this W-2 form.

    <u>**Option B**</u>

    a Enter the correct federal tax ID on the **W-2 Form—Printed Form Options** window (**Tasks > Federal Reporting > Generate W-2 Magnetic Media > [Form Options]**).

    b Select the range of employees that were paid under this federal ID.

    c Print W-2s.

    d Repeat this procedure for the second ID.

17 Do I have to print W-2s before I close the year in Payroll?

No. If you print W-2s after you have closed the year, in the **Print Selection** window, you must select **Prior year** under **Year to print** (**Tasks > Federal Reporting > Generate W-2 Magnetic Media**).

18 Can I process payroll for the new year before printing W-2s?

Payroll can be processed for the new year *only* if:

- You have already closed the year.

- You have already updated taxes for 2012.

- Once the year is closed, you verify all Payroll amounts are moved to "**Prior Year**" columns before processing new entries. See "The First Payroll of the New Year" on page 31 for more information.

19 How do I suppress printing W-2s for employees with zero YTD taxable?

Select **Tools > Modify Forms > W-2 Forms > Controls** and type **0.01** in **Employee minimum**.

When you print federal W-2s, the W-2 program looks for FWH YTD taxable, MED YTD taxable, and SOC YTD taxable greater than or equal to $0.01 (on the employee tax record) to determine whether to print a W-2 for an employee. If you print state W-2s, the program looks for xxSWH YTD taxable (xx represents the state specified at run time) greater than or equal to $0.01.

20 If I have multiple Payroll master files, should I move all my employees into one Payroll master file to print W-2s?

When you have multiple companies or multiple Payroll master files and you need to combine your tax reports because you only have one tax ID, follow the steps below to copy and merge the data for all Payroll files.

NOTE: This process requires an intermediate knowledge of Payroll.

a Using **File Tools**, create a copy of each data folder.

    i Copy the Payroll files (listed below) from each data folder.

- Current.prt

- Master.prm

- System.prs

- Tax.prx (verify the location of this file in **File** > **Data Folder Settings** > **File Locations**)

- History.prt (if checks from the current year have been moved to history)

- Ts.ctl

ii Repeat for each additional company folder.

NOTE: In this example, the largest company is copied into a new data folder, **Payroll Copy 1**. Additional company folder names would be **Payroll Copy 2**, **Payroll Copy 3**, and so on.

b Move employees from the master file for the smaller company into the Master.prm for the larger company.

i From the **File** menu, select **Open Data Folder**.

ii From the list in the **Open Data Folder** box, select **Payroll Copy 2**.

iii From the **Tools** menu, select **Move** > **Employees**.

iv Select **Payroll Copy 1** as the **Destination folder**. Click [**Open**].

v Select **Master.prm** as the destination file. Click [**Open**].

vi Clear the **Move Only Terminated Employees** checkbox. Click [**Start**].

vii Repeat these steps for each additional company folder until all employees are in one folder.

c Move checks from the transaction file for the smaller company into the Current.prt for the larger company.

i From the **Tools** menu, select **Move** > **Checks** > **Current to Current**.

ii In the **Destination folder**, browse to the **Payroll Copy 1** folder. Click [**Open**].

iii Select **Current.prt** and click [**Open**]. Click [**Start**].

iv Repeat these steps for each additional company folder.

d Print the tax reports in the Payroll Copy 1 folder.

i From the **File** menu, select **Open Data Folder**.

ii From the list in the **Open Data Folder** box, select **Payroll Copy 1**.

iii Print reports as usual.

NOTES:
- Delete the Payroll 2 folder after you complete the steps above and after you verify all the information moved successfully into the one folder (in this example, Payroll Copy 1).
- The Payroll Master.prm file requires that every employee ID be unique. You can move employees from the source Master.prm to the destination Master.prm only if a specific employee ID is not used in more than one Master.prm file.

21 Why do asterisks print in some of the amount boxes on my W-2 form?

Asterisks will print in an amount box if the dollar amount is too large for the box. To correct this:

a After you select your form option, select [**Printer Setup**].

b Select your printer and then select [**Change Font**]**.**

c Change the font size from 12 to 10 and click [**OK**]. Perform another test run of your W-2s.

22 Why is nothing printing on my W-2s?

Confirm that you have selected the correct **Year to print**, either **Prior year** or **YTD,** in the print selection window.

23 Do I need to close the month before I close the year in Payroll?

No. If your current data folder month is December, select **Close Year**. The software prevents you from closing the month if it is December, since December is the last month of the year.

24 How do I delete terminated employees from the Payroll master file at the end of the year?

After you produce W-2s, use **Tools > Move > Employees** to move terminated employees to a different master file. See "Move Terminated Employees" on page 36 for more information.

25 How can I void and reissue a check from the previous year?

You must perform a sequence of steps to void and reissue checks. However, there are several considerations before voiding and reissuing checks from the previous year:

▫ If you have already updated taxes for the current year, then taxes have the current year's rates and limits.

▫ When you process a check, the system uses the year-to-date (YTD) totals on the master file. These totals are for the current year and help determine when an employee meets the limit for a tax.

▫ If the employee met the limit for a tax in the prior year, the original check may not include this tax. When you process the reissued check, the tax, taxable, and subject-to-tax amounts may calculate if the employee has not met the limit in the current year.

▫ You can manually zero out the tax amount in **Enter Checks**, but this does not clear the taxable and subject-to amounts. The taxable and subject-to amounts accumulate to the prior year taxable and subject-to master file totals when you post the check to the prior year. This will affect W-2s and state quarterly reports. You cannot change the taxable or subject-to amounts in **Enter Checks**.

▫ Sage Timberline Office does not recommend the use of **Audit Setup Activity** to correct the taxable and subject-to totals on the master file, because this causes the master file to be out of balance with the transaction file.

▫ If the tax amounts withheld on the check change, you may need to print your quarterly and year-end tax reports again and file amended reports to the local, state, and federal governments. Consult your tax accountant or tax attorney for information on the tax laws and regulations that apply to your situation.

▫ The check stub for the reissued check displays the current year's YTD totals, not the prior year totals.

▫ If you need to void a check for the prior year and reissue it with corrections, the corrections may have an effect on the W-2 and quarterly report totals.

Perform these steps to void and reissue the check to the prior year:

a Use **File Tools** to create a backup. See "Backing Up Files" on page 87 for more information.

b If you have closed the General Ledger period for the accounting date of the check, open the period (**General Ledger** > **Tasks** > **Open/Close Posting Period**).

c Print the **Check Activity with Detail** report (**Payroll** > **Reports** > **Pay Period Processing**) to determine if the limit was met for any of the taxes.

NOTE: If the **SOC**, **SOC_E**, **FUTA_E**, [*State ID*]**SUI_E**, or local taxes did not calculate on the original check, the employee may have met or exceeded the limit for that tax.

d Void the check (**Payroll** > **Tasks**).

e In **Enter Checks**, determine if any tax amounts changed, and make any necessary adjustments to tax amounts. For example, if the limit for a tax has been met, adjust the tax amount to zero.

f Click [**Process**].

g Print the check with a check date for the prior year, then post the check.

h From the **Tools** menu, select **Recalculate Subject-to**. Select **Prior year**.

i Print W-2s and fourth quarter reports using prior period fields.

26 I just downloaded the 2012 tax changes. When should I update them?

Select **Update Taxes** after you complete the last payroll for 2011 but before you process checks for the first 2012 payroll. Although **Update Taxes** updates most tax tables, you still may need to change local tax tables and unemployment rates and limits.

27 When I ran Payroll > Tools > Update Taxes, I got an error message that reads, NEW.PRX not found. What does it mean?

This message usually means that you have already selected **Update Taxes** or you have not yet downloaded the new tax files. The New.prx file is installed during **Download Taxes** and deleted after you select **Update Taxes**.

28 How can I verify that my taxes updated?

To verify that the latest tax rates were installed or updated, select **Setup > Taxes > Tax Rates**. Enter the tax ID for one of the taxes for the current tax release. If the Effective date in the Tax Rate Setup window matches the effective date of the current release, taxes updated correctly. If the effective dates do not match, review the installation instructions provided in the Payroll Tax Release Notes and repeat any steps necessary.

29 How do I print W-2s for employees in states with no state withholding?

You can print W-2s for employees in states with no state withholding in the same manner as printing W-2s for employees with state withholding:

NOTE: This capability is available only if you list the state with no state withholding as the primary state on the W-2 form. If you list the state as **State 2**, the W-2 form will not print.

a Select **Tools > Modify Forms > W-2 Forms**.

b Select your W-2 form.

c Type **.00** in the **Employee minimum** box.

d Click [**Close**].

e Employees with no state withholding for the year will print when you print your normal print runs. See "How many print runs should I make for the W-2 forms?" on page 19 to determine how many print runs to make for all employees.

f For W-2 printing instructions, see "Print W-2s" on page 33.

Prepare for Payroll Year-End: December Tasks

Perform the standard steps for a normal month-end closing. You should also add the following steps:

1 Order W-2 forms.

2 Process and print the final payroll for checks dated and paid in 2011.

> **NOTE:** As an optional step, if you have entered time in Payroll and your pay period extends beyond the calendar year-end date of 12/31/2011, you may want to use the **Generate Accrual Entries** command on the **Tasks** menu in Payroll. This command creates Billing, Equipment Cost, General Ledger, and Job Cost accrual entries for the earnings expense portion of time entered. This will give you a clearer picture of year-end costs. Accrued entries may be a part of your reconciliation process at year-end, but they do not affect your W-2 employee totals. In accordance with IRS guidelines, Payroll files are updated by check date rather than period-end date. For more information about the **Generate Accrual Entries** command, refer to "Generating Accrual Entries" in Payroll Help.

3 Post all checks that you want to include in report totals.

4 Set up the W-2 forms for your company or modify an existing one under **Tools > Modify Forms**, as described in the next section.

Set Up or Modify the W-2 Form Design

To meet government reporting requirements, you can control the information that prints on the W-2 form. You can modify the standard W-2 form already designed for you, or you can create an entirely new one.

To Set Up a W-2 Form:

1 Select **Tools** > **Modify Forms** > **W-2 Forms**.

2 Enter an ID and description for the W-2 form.

3 Select the order for printing.

4 Select one of the two federal and state employer IDs.

5 Enter the description or figure to print in the **Zero amount desc** field (up to 8 characters), for example, **NONE** or **.00**.

6 Enter a minimum amount of taxable withholding in the **Employee minimum** field (up to 4.2 digits). For example, if you enter **0.01**, then the system does not print a W-2 form for any employee with zero taxable withholdings.

7 Select the appropriate boxes for address print information (optional).

8 Select the **Amounts** tab to specify the information you wish to appear in boxes 7 through 14.

Most of the required information for the W-2 form is provided for you in boxes 1 through 6. If, however, you need to report additional information, use boxes 7 through 14 to add any other pays, deductions, or fringes by clicking [**Pays**], [**Deducts**], or [**Fringes**]. For more information, see Payroll Help.

If you need to add or change tax information, select the appropriate tax item and click [**Formulas**] to select a formula.

NOTE: The **Misc.** tab of the **Modify W-2 Forms** window is used for any information specific to Puerto Rico.

Payroll Year-End Closing Procedures

NOTE: We recommend you back up your entire database, creating an annual archive before closing your year. This archive can be used for restoring data or reporting purposes. See "Appendix B" on page 84 for information on copying.

1 Decide whether you need to retain year-to-date totals for any pays, fringes, or deductions. For example, you may want to retain totals for accrued vacation time or employee loans that have not been paid in full. When you retain year-to-date totals, the retained amounts become the accumulated totals in the employee setup for the new Payroll year.

If you want to retain year-to-date totals, verify each pay, deduction, and fringe to see if the setting is correct for **Retain YTD** totals at close year. Review the settings as follows:

a From the **Setup** menu, select **Pays**.

b Click [**Next**] and verify the **Retain YTD totals at close year** setting.

c Select or clear the **Retain YTD totals at close year** check box, as appropriate.

   i Press the TAB key twice.

   ii Select or clear the **Retain YTD totals at close year** check box.

   iii Click [**Save**].

d Click [**Next**] to review the next pay.

e Click [**Close**] when finished.

f From the **Setup** menu, select **Deductions**, and repeat steps b–d to review each deduction.

g From the **Setup** menu, select **Fringes**, and repeat steps b–d to review each fringe.

2 Select **Tasks > Close Year**. This task:

   ▫ Reminds you to back up your Payroll master file.

   ▫ Clears MTD, QTD, and YTD totals in the Payroll master file.

   ▫ Moves employee totals to the prior period fields.

   ▫ Changes the **Current Month** field in **Payroll Settings** to January and changes the year-end date to 2012.

3 Use **Tools > Download Taxes** to download and update the year 2012 Payroll Tax file before you process your first payroll for 2012. Remember to select **Tools > Update Taxes** in Payroll prior to processing your first payroll for 2012 if you did not update the taxes immediately after you downloaded them.

The First Payroll of the New Year

You can enter time for the new year, however, do not process your payroll until you have:

- Performed the **Close Year** task to reset all employee year-to-date accumulators to zero.

- Downloaded and updated taxes for the new year.

Update taxes for the new year only when you have:

- Completely finished check processing for the prior year.

- Performed the **Close Year** task to reset all employee year-to-date accumulators to zero.

Payroll calculations are based on year-to-date totals. Therefore if you did not close the year prior to processing payroll, your pays, taxes, fringes, and deductions may not calculate correctly. For example, an employee may have already met the limit for a tax so it does not calculate.

If you processed payroll without closing the year or updating taxes, you can still perform those two tasks. Then perform the **Process Payroll** command again with the check box **Reprocess checks** selected.

If you updated taxes too early, then you should restore prior payroll taxes with **File Tools**.

Prepare for Payroll Year-End: January Tasks

1 Print all management reports, including Subject-to, Deposit Summary, and so on. Verify that year-to-date totals are correct.

You can print quarterly reports and forms for the fourth quarter either before or after you close the year.

2 Reconcile Payroll to itself and to General Ledger.

3 Optional—If you use multiple named master files with the same employer tax ID, such as Exec.prm and Field.prm, and you want to generate one continuous print run of W-2s or magnetic media, you can create a PR2011 folder and copy the Exec.prm, Field.prm, and System.prs files from your live data folder to the PR2011 folder using **Tools > File Tools**. In the PR2011 folder, move all employees into one Payroll master (.prm) file for year-end reporting of W-2 earnings. Refer to "Moving employees" in Payroll Help for more information. After you have moved employees, open **File > New Company**. Enter PR 2011 as the **Company Name**. In the **Data folder path name** box, browse to or enter the location you moved the files to.

NOTE: The User.frm and Pr.frm files are found in the Formula folder. The Tax.prx file may be located in a different folder from your company data folder. To find the Tax.prx file, select **File > Data Folder Settings > File Locations** to check the **PR Tax** entry.

Perform a Test Print Run of Laser W-2s to Verify Alignment and Verify Totals

To learn more about generating your government forms with Aatrix, refer to the *eFiling Guide*. You can find the *eFiling Guide* in the Knowledgebase. See "Access the Sage Customer Portal" on page 5 for more information on using the Knowledgebase.

To perform a test print run of laser W-2 forms:

1 Select **Tasks > Federal Reporting > Generate W-2 Magnetic Media**.

2 Enter the ID of the W-2 form format you are using.

3 Select the appropriate **Level**: **Federal**, **State**, or **Local**. For **State** and **Local**, enter the appropriate state and local IDs.

4 Select **Printed Forms**.

5 Select the **Year to print**.

6 Click [**Form Options**]. In the **W-2 Forms - Printed Form Options** window, select **Laser W-2** or **4 up laser W-2**, based on the form you are testing.

7 To make a test of the printing alignment, select [**Ranges**] to select enough employees to print more than one page of W-2s.

If the data prints too high or too low on the form, you need to make another test print run. For the next print run, after you select your **Form** option, select [**Page Setup**] and increase the top margin if the data printed too high or decrease it if the data printed too low. If you adjust the top margin, you may also need to adjust the bottom margin. You may also need to make minor adjustments to the left margin.

If the data prints too low with a zero top margin, your printer has a top clip region that is too large to print W-2 forms. If the bottom couple of lines from the first page print on the second page and the rest of the second page is blank, your printer's bottom clip margin is too large to print W-2 forms. In either situation, use a different printer to print your W-2s.

NOTE: Sage Timberline Office supports the use of business-class laser jet printers. We recommend that you use the PCL 5e printer driver. Sage Timberline Office no longer supports continuous-feed printers for year-end processing.

8 Follow steps 1 through 7 and make as many test print runs as necessary until you are satisfied with the alignment results. Make a note of any changes you make on the test print runs. You will make the same changes for your live print run.

9 Last, verify totals by printing W-2s for all your employees. If any total amounts are incorrect, verify the correct W-2 year's information is being printed by checking the W-2 year referenced in the formulas.

Print W-2s

To learn more about generating your government forms with Aatrix, refer to the *eFiling Guide*. You can find the *eFiling Guide* in the Knowledgebase. See "Access the Sage Customer Portal" on page 5 for more information on using the Knowledgebase.

You can print W-2 forms either before or after you close the year. Remember, however, that prior-year totals are stored for only one year. For more information about bonus checks, local taxes, and so on, see "Common Payroll Questions and Answers" on page 18.

Refer to "Modifying W-2 forms" in Payroll Help for detailed information about setting up W-2 forms to fit your company's needs. You will also need to refer to federal publications or contact your accountant for specific instructions regarding your company's reporting requirements.

For review purposes, print the W-2 forms first on plain paper, rather than the preprinted forms.

1 Select **Tasks > Federal Reporting > Generate W-2 Magnetic Media**.

2 Enter the ID of the W-2 form format you are using.

3 Select the appropriate **Level**: **Federal**, **State**, or **Local**. For **State** and **Local**, enter the appropriate state and local IDs.

4 Select **Printed Forms**.

5 Select the **Year to print**. If you have not closed the year, select **2011 (YTD)**. If the year has already been closed, the **Year to print** check boxes read **2011 (Prior year)** and **2012 (YTD);** therefore, select **2011 (Prior year)**.

6 Click [**Form Options**]. In the **W-2 Forms - Printed Form Options** window, select **Laser W-2** or **4 up laser W-2**, based on the form you are testing.

7 Review the information, including the Sage Timberline Office System log file, and correct any errors.

8 Print the W-2s on preprinted forms.

9 Make a backup copy of your Payroll files.

10 If you have not yet closed the year, close your payroll year. Read "Payroll Year-End Closing Procedures" on page 30 for detailed information about closing the year.

Generate Magnetic Media

In addition to printing W-2 forms, you can use **Tasks > Federal Reporting > Generate W-2 Magnetic Media** to generate magnetic media files for federal or state returns. This option creates a magnetic media file to submit to the government instead of the paper forms. If you select this option, print paper copies of the W-2 forms for your employees.

NOTE: The U.S. Federal Government no longer accepts W-2 magnetic media submissions on diskette. Instead, all magnetic media information should be saved to your hard drive and submitted by electronic file upload. For more information, go to the U.S. Social Security Administration website at http://www.socialsecurity.gov/employer/.

Sage Timberline Office also prints a Magnetic Media Status Report that lists missing or invalid employee information. Use this list as a reference to make the necessary adjustments to the employee record.

NOTE: Federal W-2 reporting rules require that magnetic media clients limit the printed state code for your company to two uppercase characters. To verify that the code is set up for two positions, select **File > Data Folder Settings > General** and verify the state abbreviation code.

To generate a magnetic media file:

1 Select **Tasks > Federal Reporting > Generate W-2 Magnetic Media**.

2 With the cursor in the **W-2 form** field, click [**List**]; then select a form and click [**OK**].

3 Under **Level**, select **Federal** or **State**.

4 If you selected State, enter the state under **Level**.

5 Under **Type**, select **Magnetic media.**

6 Select the year to print, either **YTD** or **Prior year**.

7 Click [**Mag Media Options**] to open the **Print W-2 Forms—Magnetic Media Options** window.

8 The **Mag media path** name defaults to the current data folder path**: \W2REPORT.txt** for federal and most states. You can rename the text file but do not change the extension. The file must have a text file format (**.txt** extension) to be valid.

9 After you have completed and verified the entries on the **Print W-2 Forms—Magnetic Media Options** window, click [**OK**] to return to the **Print W-2 Forms—Print Selection** window. Then click [**Start**].

NOTE: Each time you create a new magnetic media file, it replaces any magnetic media file currently in that folder. If you need to create more than one magnetic media file, ensure you save each file with a unique file name.

Copy Magnetic Media Files to External Media

When you generate magnetic media, you have the option to create the magnetic media file directly onto external media or to create it on your hard drive. Click [**List**] to browse to your desired location.

Edit the Magnetic Media File

If you need to make corrections to the magnetic media file, we recommend that you correct your data then regenerate it. You can do this by selecting **Print W-2 Forms** again.

File Maintenance Procedures

Move Checks

You can move checks to a current or history file. This keeps your historical checks separate from your current checks. It also decreases the size of your data file and decreases processing time. After the checks have been transferred to history, they can still be used for reporting purposes but you cannot move them back to the current status.

This process may be lengthy, depending on the size of your files and your system. Please allow sufficient time to complete this process.

1 Make a backup of your Payroll files if you have not already done so.

2 Select **File > Data Folder Settings > PR Settings**. In the **PR Settings** window, verify that the **Retain distributions in history** check box is selected, if you want to retain burden and daily distributions.

3 Move checks from your Current.prt file to a History.prt file or to another Current. prt file in a 2011 backup folder by selecting **Tools > Move > Checks > Current to History**. In the **Print Selection** window, click [**Conditions**] and select **Check Date LT 1/1/2012**. This ensures that you move only the checks from 2011 and earlier.

Move Terminated Employees

CAUTION: If you need to print W-2s for terminated employees, do not move them until you have printed the W-2s. If you do not use conditions or ranges or if you use a single condition, all employees will be moved.

Sage strongly recommends that you back up all files in your data folder(s) before you perform the move terminated employees task. Moving the terminated employees to a new master file removes those records from the Payroll master file. This reduces the size of the master files and increases processing speed.

1 Select **Tools > Move > Employees**.

Named master: If you use named master files, you are asked for the name of the master file to transfer from and the name of the master file to transfer to.

Unnamed master: If you do not use named master files, you are asked for the name of the folder where you want to create a new master (.prm) file with the employees you move.

2 Click [**Open**]. If a Payroll master file does not exist in the destination folder, you are asked to create one.

3 To move terminated employees, accept the default to **Move only terminated employees**. Continue with step 8. Alternatively, if you want to designate employees to move manually, clear the **Move only Terminated Employees** check box and continue with steps 5, 6, and 7.

4 To move a range of employees, click [**Ranges**]. Select the individual employee or employees to move from the list and click [**OK**]. Continue with step 8.
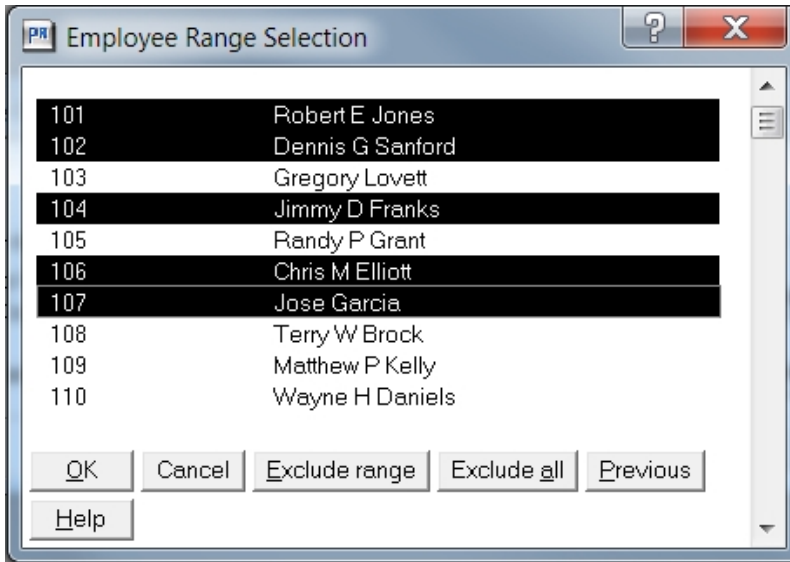
5 Alternatively, to set up a conditional statement for moving employees, click [**Conditions**]. In the **Field**, **Operator**, and **Value** areas, set up the first condition for **Termination Date GE 01/01/1901.** Click [**OK**].
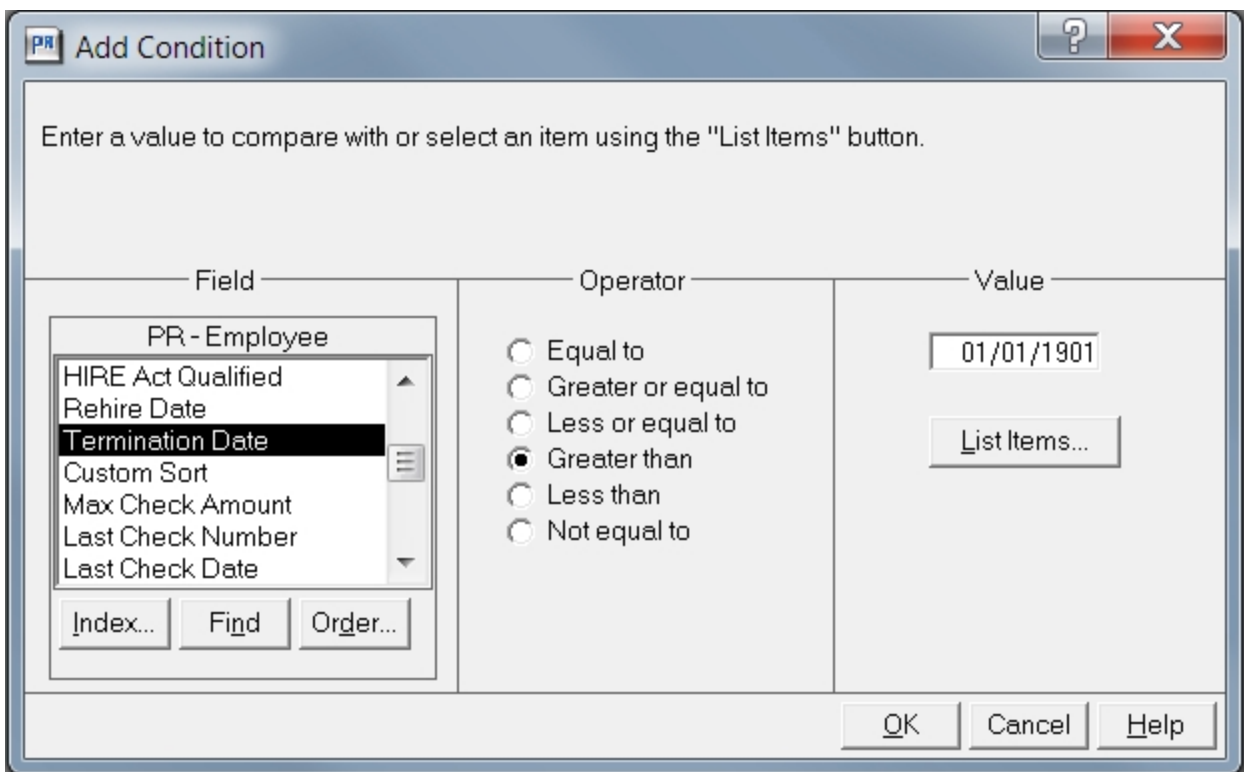
6 Click [**Add**]. Set up the second condition for **Termination Date LE 12/31/2011** and click [**OK**].

7 Click [**Start**].

8 After you move the terminated employees, review the journal to verify that the correct information was moved.

9 If you want to access terminated employee records in the archive data folder, for example if you need to run reports or move an employee record back to your live data folder, use **File Tools** to copy the following files from your live data folder to your archive data:

- ts.ctl

- system.prs

- tax.prx

After you have moved employees, open **File > New Company**. Enter PR 2011 as the **Company Name**. In the **Data folder path name** box, browse to or enter the location you moved the files to.

NOTES:

- Some reports require additional files such as the Master.glm and Master.cmm files. Use **File Tools** to copy these files into the archive folder.
- You can also use the **Move Employees** command to move seasonal employees, rehires, and so on, back to your original folder for W-2 reporting purposes.

Compact Files

After you successfully move checks and employees, see "Compacting Files" on page 82 to compact the Payroll master file and Payroll current transaction file.

Chapter 4: Accounts Payable

The Accounts Payable application has a **Close Year** command and a **Close 1099 Year** command. If you are working on a calendar year, perform both commands at the end of the year. If you are working on a fiscal year, however, only the **Close 1099 Year** command needs to be performed with the final year-end steps. Perform the **Close Year** command at the end of your fiscal year.

Refer to the checklist below for the sequence of year-end steps.

Checklist

NOTE: This checklist provides a recommended sequence of steps only. Your actual sequence may vary, depending upon your organization's processes.

1. December Tasks, see page 42

_____Order 1099 forms.

2. January - Prepare for Year-End, see page 48

_____Verify the Accounts Payable 1099 year-ending date and fiscal year-ending date in the **AP Settings** window.

_____Enter and post all invoices, print or enter manual checks, and print reports for 2011.

_____Reconcile Accounts Payable to itself and to General Ledger.

_____Make a backup copy of your entire database, if you have not already done so.

_____Decide when to print 1099s, before or after year-end.

3. Prepare to Print 1099 Forms and Generate Magnetic Media, see page 49

_____Print the 1099 Preparation report and verify the vendor information is correct.

_____Verify the 1099 amount paid to vendors.

_____Enter and post any adjustments and corrections for 2011.

4. Print 1099 Forms and Generate Magnetic Media, see page 51 and page 53

_____Print a test run of laser 1099s until the data aligns with the forms correctly.

_____Print a test run of all 1099s on plain paper and review.

_____Print the final run of 1099s.

_____Generate the magnetic media returns.

_____Submit the magnetic media.

5. Perform File Maintenance Procedures, see page 56

_____Optional - Move checks.

_____Optional - Remove vendors.

_____Compact files.

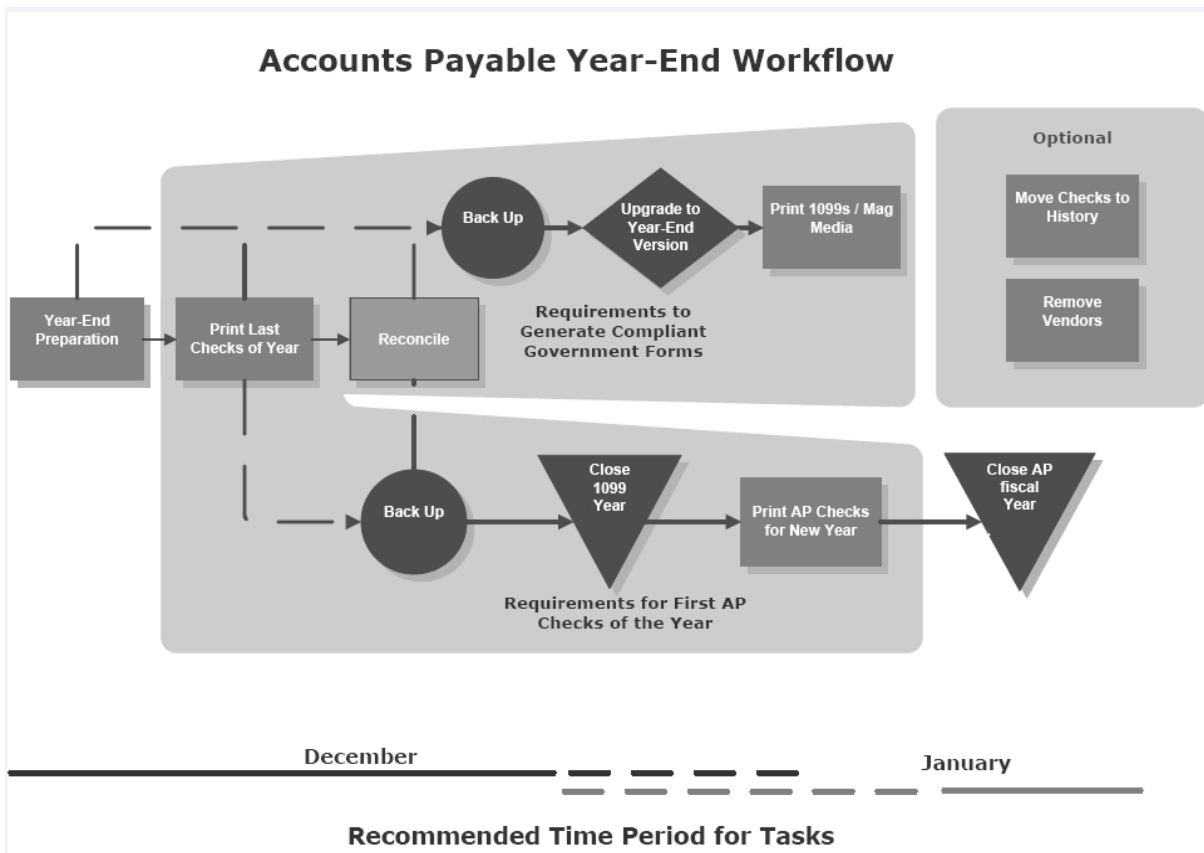## 6. Perform Final Accounts Payable Year-End Closing Steps, see page 57

_____Close 1099 year.

_____Close Accounts Payable year (at the end of your fiscal year only).

7. Create an Annual Archive

We recommend you back up your entire data base, creating an annual archive after completing your year-end processing. This archive can be used for restoring data or reporting purposes.

Common Accounts Payable Questions and Answers

To learn more about generating your government forms with Aatrix, refer to the *eFiling Guide*. You can find the *eFiling Guide* in the Knowledgebase. See "Access the Sage Customer Portal" on page 5 for more information on using the Knowledgebase.

1 How do I calculate the number of 1099s to order?

To calculate the number of 1099s to order, use the **1099 Preparation** report and the **1099 Magnetic Media Status** report. See "Calculate the Number of 1099s to Order" on page 11 for detailed instructions.

2 How can I easily print a list of the vendors who need to receive a 1099?

Add a condition when you print the 1099 Preparation report in Accounts Payable.

Accounts Payable does not print the 1096 form. However, you can print the **1099 Preparation** report to find your 1099 vendor totals. You can use these totals when you manually complete the 1096 form. Follow the steps in Option A below if you want to print one 1099 for each vendor. Follow the steps in Option B if you want to print 1099s for different General Ledger prefixes.

NOTE: If you want to print 1099s for different General Ledger prefixes, verify the **Retain 1099 totals per GL prefix** check box in Accounts Payable settings (**File** > **Data Folder Settings** > **AP Settings**) is selected. This check box is not retroactive. If the check box was not selected when you originally set up Accounts Payable, then select the check box and manually correct your 1099 totals for each prefix.

<u>Option A</u>

Print the **1099 Preparation** report for each vendor as follows:

a From the **Reports** menu, select **Miscellaneous** > **1099 Preparation**.

b Select **To vendor**, and then click [**OK**].

c Click [**Conditions**], and then click [**Add**].

d In the **Field** section, select **1099 Amt Paid Last Yr**, or **1099 Amt Paid This Yr** as appropriate.

NOTE: You can verify your current 1099 year in Accounts Payable settings (**File** > **Data Folder Settings** > **AP Settings**). How you enter this condition depends on whether you have closed your 1099 year when you print your 1099s. For example, if you want to print 1099s for the 2011 calendar year and your Accounts Payable 1099 year is still in 2011, then you would select **1099 Amt Paid This Yr**. If you have already closed your 1099 year in Accounts Payable and you want to print 1099s for the previous year, then select **1099 Amt Paid Last Yr**.

e In the **Operator** section, select **Greater or equal to**.

f In the **Value** section, enter the minimum 1099 reporting amount. For example, enter **600**.

g Click [**OK**] twice.

h Click [**Print Preview**] to preview the report or click [**Start**] to print the report to a file or printer.

<u>Option B</u>

Print the **1099 Preparation** report by General Ledger prefix as follows:

a From the **Reports** menu, select **Miscellaneous** > **1099 Preparation**.

b Select **By fiscal entity**, and then click [**OK**].

   c Click [**Conditions**], and then click [**Add**].

   d In the **Field** section, select **YTD Amt Paid**, or **Last Yr Amt Paid** as appropriate.

   NOTE: You can verify your current 1099 year in Accounts Payable settings (**File** > **Data Folder Settings** > **AP Settings**). How you enter this condition depends on whether you have closed your 1099 year when you print your 1099s. For example, if you want to print 1099s for the 2011 calendar year and your Accounts Payable 1099 year is still in 2011, then you would select **YTD Amt Paid**. If you have already closed your 1099 year in Accounts Payable and you want to print 1099s for the previous year, then select **Last Yr Amt Paid**.

   e In the **Operator** section, select **Greater or equal to**.

   f In the **Value** section, enter the minimum 1099 reporting amount. For example, enter **600**.

   g Click [**OK**] twice.

   h Click [**Print Preview**] to preview the report or click [**Start**] to print the report to a file or printer.

3 **Why doesn't my vendor show on the 1099 preparation report or in the print run?**

The **Vendor receives a Form 1099** check box is not selected on the vendor setup. To select the check box:

   a Select **Setup > Vendors**.

   b Click the **1099 Settings** tab in the **Vendor Setup** window.

   c Select the **Vendor receives a Form 1099** check box.

The 1099 amount paid totals are accumulated for each vendor regardless of whether the **Vendor receives a Form 1099** check box is selected. If you print 1099s by vendor and you select the check box before the run, the vendor will be included.

If you print 1099s by prefix, and you select the **Vendor receives a Form 1099** check box before you print, the vendor is included as long as the **Retain 1099 totals per GL prefix** check box in **File > Data Folder Settings > AP Settings** was selected when the checks for the vendor were printed.

4 **I have a vendor who did not have the 1099 check box marked. Can I mark it now to include it on my 1099 run?**

Yes. The 1099 amount paid totals are accumulated for each vendor regardless of whether the **Vendor receives a Form 1099** check box is selected. Select the check box to include the vendor's 1099 in the print run. If you print 1099s by vendor, and you select the check box before the run, the vendor will be included. If you print 1099s by prefix and you select the check box before the run, the vendor will be included as long as the **Retain 1099 totals per GL prefix** check box in **File > Data Folder Settings > AP Settings** was selected when the checks for the vendor were printed.

5 **How do I set up a vendor to receive two different types of 1099 forms?**

Only one form type per vendor record is allowed. For a vendor to receive more than one type of 1099, a different vendor ID must be set up for each type. For more information, refer to step 3 of "Prepare To Print 1099 Forms" on page 49 of this guide.

6 **How do I verify that my 1099 amount paid for the vendor is correct?**

You must download and print a custom 1099 reconciliation report. These custom reports are available only from the Technical Support Knowledgebase article "How do I verify my 1099 amount paid for a vendor?" Follow the instructions below to verify and correct your Accounts Payable 1099 totals.

NOTES: These reports were designed for the Accrual Basis of accounting. If you are using the Cash Basis of accounting, print either the Paid Invoices Register (**Reports > Cash Management > Paid Invoices Register**) or the Paid Invoices by Property report (**Reports > Cash Management > Paid Invoices by Property**).

a Before selecting a report, consider the following important points to determine which 1099 reconciliation report you need to download:

◻ Determine whether or not your 1099 year is correct and up to date.

◻ Determine whether or not you want to print 1099s for this year or last year depending on your current Accounts Payable **1099 year ending date**.

◻ Determine whether or not you want to print one 1099 for each vendor, or for each vendor and different General Ledger fiscal entities. If you are unsure as to whether you need to print 1099s by fiscal entity or not, contact your certified Sage Timberline Office consultant and your accountant.

◻ If you want to print 1099s for different fiscal entities, determine which General Ledger prefix corresponds to your fiscal entity level. You can have up to three different General Ledger prefixes, and your fiscal entity level can be set to any one of those. Your fiscal entity level can also be set at the data folder level.

◻ Determine what report design you need in accordance with the table below:

NOTE: If you want to print 1099s for different fiscal entities, use the report that corresponds to the fiscal entity level you want to print 1099s for, not the total number of prefixes you have. For example, you may have three different General Ledger prefixes, but if the fiscal entity that you want to print 1099s for has the fiscal entity level set at the B prefix level, download and use the **XX AP 1099 Amt Pd by Prefix AB Recon** report.

1099 Method and Time Period	Report to Save and Print
1099s by vendor (for this year)	1099 Amt Paid Reconciliation
1099s by Prefix A (for this year)	1099 Amt Pd by Prefix A Recon (AP)
1099s by Prefix AB (for this year)	1099 Amt Pd by Prefix AB Recon (AP)
1099s by Prefix ABC (for this year)	1099 Amt Pd by Prefix ABC Recon (AP)
1099s by Prefix A (for last year)	1099 Lst Yr Amt Pd by Prefix A Recon (AP)
1099s by Prefix AB (for last year)	1099 Lst Yr Amt Pd by Prefix AB Recon (AP)
1099s by Prefix ABC (for last year)	1099 Lst Yr Amt Pd by Prefix ABC Recon (AP)

a Download and save the appropriate report design from the Knowledgebase article "How do I verify my 1099 amount paid for a vendor?" You will find links to the report designs at the bottom of the article.

b Print the report design and use it to verify and correct your 1099 totals. Refer to Option A for detailed information on printing the **XX AP 1099 Amt Paid Reconciliation** report. Refer to Option B for detailed information on printing any of the other reports.

Option A

Print the **XX AP 1099 Amt Paid Reconciliation** report to determine the correct 1099 vendor totals for the current 1099 year as follows:

NOTE: You can follow the steps below and print the **XX AP 1099 Amt Paid Reconciliation** to determine 1099 totals for the previous 1099 year instead of the current 1099 year. Enter the appropriate dates in step c and d. The **Master 1099 Amount** column totals come from the current 1099 year's totals on the vendor record and will not match the amounts on **Invoice 1099 Amount** column. However, you can still use the **Invoice 1099 Amount** column totals to determine the correct 1099 amounts for the year you specify in steps c and d.

a Select your report to print it, either from Report Designer or the Accounts Payable **Reports** menu as appropriate.

b Select **AP Master** and click [**OK**].

NOTE: Do not select both **AP Master** and **AP Invoice (history)** at the same time when you print the report. If you have moved any checks to history in Accounts Payable for the year you print the report for, you must print the report twice. Follow all the steps in Option A to print the report and select **AP Master** in step b. Then follow all the steps again, but select **AP Invoice (history)** in step b. Add the amounts in the **Invoice 1099 amount** column together for each vendor to determine the correct 1099 total for each vendor.

c In the **Start date** box, type the beginning of the calendar year for which you want to verify the 1099 totals. For example, if you want to verify 1099 totals for 2011, type **01012011**.

d In the **End date** box, type the ending of the calendar year for which you want to verify the 1099 totals. For example, if you want to verify 1099 totals for 2011, type **12312011**.

e Do not click [**Ranges**] or [**Conditions**].

f Click [**Print Preview**] to view the report, or click [**Start**] to print the report to a file or printer.

When you view the report, the **Master 1099 amount** column indicates your current 1099 year totals in Accounts Payable (**Setup** > **Vendors** > **1099 Settings**). The **Invoice 1099 amount** column indicates the correct 1099 total for each vendor based on your actual transactions for the **Start date** and **End date** you specified.

If there is a difference, use the **Invoice 1099 amount** column to correct your 1099 totals.

Option B

Print any of the 1099 reconciliation reports by prefix as follows:

a Select the appropriate report to print it, either from Report Designer or the Accounts Payable **Reports** menu as appropriate.

b Select **AP Master** and click [**OK**].

NOTE: Do not select both **AP Master** and **AP Invoice (history)** at the same time when you print the report. If you have moved any checks to history in Accounts Payable for the year you print the report for, you must print the report twice. Follow all the steps in Option B to print the report and select **AP Master** in step b. Then follow all the steps again, but select **AP Invoice (history)** in step b. Add the amounts in the **Calculated 1099 Amount Paid (Y)** column from both reports together for each vendor to determine the correct 1099 total for each vendor.

c In the **Start Date** box, type the beginning of the calendar year for which you want to verify the 1099 totals. For example, if you want to verify 1099 totals for 2011, type **01012011**.

d In the **End Date** box, type the ending of the calendar year for which you want to verify the 1099 totals. For example, if you want to verify 1099 totals for 2011, type **12312011**.

e For the 1099_Amt_pd_by_prefix_AB_Recon_(AP).rpt and 1099_Amt_pd_by_prefix_AB_Recon_ (AP).rpt reports, type the description of the requested prefix in the prompt field. You can find the description in **File** > **Date Folder Settings** > **Custom Descriptions** > [**Set Up Sections**] on the **GL Account** field.

f Do not click [**Ranges**] or [**Conditions**].

g Click [**Print Preview**] to view the report, or click [**Start**] to print the report to a file or printer.

When you view the report, the **Prefix Total YTD 1099 Amount (X)** column, or the **Prefix Total Last Year 1099 Amount (X)** column, indicate your 1099 prefix total in Accounts Payable for the current or previous 1099 year as appropriate (**Tools** > **Maintain Prefix Totals**). The **Calculated 1099 Amount Paid (Y)** column indicates the correct 1099 total for each prefix and vendor based on your actual transactions for the **Start Date** and **End Date** you specified.

If there is a difference, use the **Calculated 1099 Amount Paid (Y)** column to correct your 1099 prefix totals.

NOTE: Do not add any ranges or conditions when you print any of the custom 1099 reconciliation reports.

7 **How does the 1099 amount calculate for an invoice with payments in two different years?**

The 1099 amount accumulates by the nonexempt amount paid to a vendor during a single year. It does not accumulate by the amount invoiced. For example, if you enter a vendor invoice for $1,000 in the current year, print a check for $900 in the current year, and print a second check for $100 in the next year, the results on the vendor record are:

▫ The vendor **1099 amount paid** for **This year** on the **1099 Settings** tab shows $900.

▫ The vendor **1099 amount paid** for **Next year** on the **1099 Settings** tab shows $100.

▫ The **Amount purchased** for **This year** on the **Totals** tab shows $1,000.

The 1099 amount accumulated may or may not include miscellaneous deduction amounts depending on whether you selected **Include Misc Deduction in 1099 totals** in **AP Settings** > **Invoice Settings** > **Misc Deduction Settings**. You may have renamed this field in **Custom Descriptions**. Taxes are not included in the 1099 amount.

8 **What do I do if the government cannot verify a vendor with the name and federal ID used on the 1099 report?**

The government may have a different name for the vendor. You may be using the vendor's DBA name as the vendor ID. To correct the vendor name:

a Confirm with the vendor the correct name to use for government reporting.

b In Accounts Payable, select **Setup** > **Vendors**.

c On the **1099 Settings** tab, enter the correct name in the **Recipient's tax ID name**.

9 **Can I post January 2012 invoices and print 1099s for 2011 later?**

Because 1099s are based on payments (for example, checks), not invoices, entering 2012 invoices does not affect 1099 amounts from 2011.

10 When can I print Accounts Payable checks for 2012?

You can print Accounts Payable checks for 2012 if your **1099 year ending date** in **File > Data Folder Settings > AP Settings** is 2011 or later. If the **1099 year ending date** is 2010, perform the **Close 1099 Year** task before printing checks for 2012, otherwise the 2012 check amounts are added to the 1099 totals for 2011. If this occurs, please review question 11 below.

11 My 1099 totals are incorrect.

The 1099 year was not closed at the correct time. When the 1099 year is closed at the wrong time, current year checks and next year checks combine in the **Next Year** total. When the 1099 year is closed, the combined amount in the **Next Year** total is rolled into the **This Year** total.

You must verify and correct your 1099 totals. See "How do I verify that my 1099 amount paid for the vendor is correct?" on page 43 for instructions on verifying your 1099 totals. To correct your totals, see "How do I edit 1099 amounts for Accounts Payable vendors?" on page 47.

12 How do I edit 1099 amounts for Accounts Payable vendors?

Create a backup of your entire data folder before you change any 1099 totals. Choose Option A to edit 1099 totals for a vendor if you do not maintain 1099 totals by General Ledger prefix. Choose Option B to edit 1099 totals if you do maintain 1099 totals per General Ledger prefix. If you need to add 1099 totals for a new vendor, first set up the vendor in Accounts Payable (**Setup > Vendors**), and then edit the new vendor's 1099 totals as follows:

Option A

Edit 1099 totals for a vendor when you do not maintain 1099 totals by General Ledger prefix as follows:

1 Turn on **Audit setup activity**.

2 From the **Setup** menu, select **Vendors**.

3 Select your vendor, press ENTER twice, and then click the **1099 Settings** tab.

4 Verify the **Vendor receives a Form 1099** check box is selected.

5 In the **1099 amount paid** row, enter the correct amounts in the **This Year**, **Last Year** and **Next Year** boxes.

6 Click [**Save**].

7 Repeat steps 3-6 for each vendor with an incorrect 1099 total.

8 Click [**Close**].

9 Turn off **Audit setup activity**.

Option B

Edit 1099 totals for a vendor when you maintain 1099 totals by General Ledger prefix as follows:

1 Turn on Audit setup activity.

2 From the **Setup** menu, select **Vendors**.

3 Select your vendor, and then click the **1099 Settings** tab.

4 Verify the **Vendor receives a Form 1099** check box is selected.

5 Repeat steps 3-4 for each vendor with an incorrect 1099 total.

6 Click [**Save**], and then click [**Close**].

7 From the **Tools** menu, select **Maintain Prefix Totals**.

8 Select a GL prefix and vendor.

9 Press ENTER on your keyboard, click [**OK**] to the **Must set Prefix level** message, click [**Next**], and then press ENTER on your keyboard.

10 Click [**OK**] to the message that appears.

11 In the 1099 amount paid column, enter the correct amounts in the **Year-to-date**, **Last year**, and **Next year** boxes.

12 Click [**Save**].

13 Repeat steps 8-12 to edit the incorrect vendor totals for each prefix.

14 Click [**Close**].

15 Turn off **Audit setup activity**.

Prepare for Accounts Payable Year-End

Perform the standard steps for a normal month-end. Even though Accounts Payable does not have a close month command, you need to complete reconciliation steps based on your cutoff date of 12/31/2011. These steps should include the following:

1 Be sure to enter all invoices and approve pending invoices for 2011.

2 Select the **Post Invoices** command and verify that all invoices posted.

3 Enter all manual checks and print computer-generated checks for 2011.

4 Print month-end reports (for example, Open Invoice, Invoice Aging, Check Register) and any other reports that you print as part of your normal month-end procedures. Also print year-end reports as needed.

5 Reconcile Accounts Payable to itself then to General Ledger. (General Ledger should be current and posted.) Use the Reconciliation Tool to reconcile AP to itself. Use the following reports to reconcile to General Ledger:

   ▫ Period End Report for AP Accts.

   ▫ Entries by Batch for AP Accts.

   ▫ Period End Report for RP Accts.

   ▫ Entries by Batch for RP Accts.

6 Make a backup copy of your Accounts Payable files. For instructions, see "Appendix B" on page 84.

7 We recommend you back up your entire data base, creating an annual archive after completing your year-end processing. This archive can be used for restoring data or reporting purposes.

8 Decide whether to print 1099 forms before or after you select **Close 1099 Year**. Your 1099s can be printed for the current year-end date or the prior year. If you decide to close your 1099 year first, see "File Maintenance Procedures" on page 56.

Prepare To Print 1099 Forms

To learn more about generating your government forms with Aatrix, refer to the *eFiling Guide*. You can find the *eFiling Guide* in the Knowledgebase. See "Access the Sage Customer Portal" on page 5 for more information on using the Knowledgebase.

Print the 1099 Preparation report and review the vendor information:

1 Select **Reports > Miscellaneous > 1099 Preparation** to print a report that lists the vendors by form type.

2 Use the 1099 Preparation report to verify the vendors who will receive a 1099. The report includes each vendor's federal tax ID, and each vendor's address. Two amount columns are printed on this report. The amounts are those recorded in the **Last Year** and **This Year** fields on the **1099 Settings** tab of the **Vendor Setup** window.

3 If you have a vendor who needs to receive two different types of 1099 forms, you must set up a different vendor ID for each type. Set up two different vendor IDs, one for each form. Check the appropriate form type for each vendor, then split out the 1099 dollars between the vendor IDs. Do this by selecting the **Audit Setup Activity** check box under **Tools > Options**. If you have not closed your 1099 year, manually adjust the dollar amounts in the **This Year 1099 Amount Paid** fields between the two vendor IDs. If you have closed your 1099 year, manually adjust the dollar amounts in the **Last Year 1099 Amount Paid** fields between the two vendor IDs.

4   If a vendor is not listed on the 1099 Preparation report and should receive a 1099, open the **Vendor Setup** window and click the **1099 Settings** tab. Select the **Vendor receives a Form 1099** check box. The 1099 totals are stored automatically for each vendor, which allows you to print a 1099 for a vendor at any time.

5   If you have tried unsuccessfully for two of the last three years to contact a vendor to obtain its federal tax ID number, mark the **Second TIN Notice** check box on the **1099 Settings** tab of the **Vendor Setup** window. When this check box is selected, the **2nd TIN Not.** box on the 1099 form or in the magnetic media is selected.

6   If you want to report gross dollars paid to a particular vendor in box 14 of the 1099-MISC form, select the **Gross proceeds paid to an attorney** check box on the **1099 Settings** tab of the **Vendor Setup** window. If the box is not selected, the gross dollars paid appears in box 7 of the 1099-MISC Form.

7   If a "doing business as" (dba) designation is needed, enter the dba in the **Recipient's tax ID name** field. This field prints above the vendor name on the 1099.

The information in the **This Year 1099 amount paid**, **Last Year 1099 amount paid**, and **Next Year 1099 amount paid** fields in the **Vendor Setup** window is based on check dates, not invoice or accounting dates. You can print checks for the year 2011 without affecting 1099 amounts for 2011 because 1099s are accumulated by check date, regardless of fiscal year or invoice date.

NOTE: If your fiscal year is different from your calendar year, the 1099 year-ending date should be 2011.

8   If you have a vendor that uses both address lines 1 and 2 on the **Vendor Setup** window and the total characters entered in both address lines is 33 or less, the two address lines combine and print as follows on the 1099 form:

1552 S.W. 199th Ave. Suite 103

Line 1 (1552 S.W. 199th Ave.) and line 2 (Suite 103) contain a total of 30 characters. If the total characters on both address lines is 34 or higher, Sage Timberline Office prints two separate address lines.

To print two address lines on the 1099, insert a period (.) at or after the 25th space.

9   Reconcile and verify the 1099 amount paid for your vendors by downloading the appropriate report from Technical Support Knowledgebase article "How do I verify the 1099 paid for a vendor?" This article helps you determine which report you should use based on how you print 1099s - by vendor or by fiscal entity and the fiscal entity level. For detailed instructions, see "How do I verify that my 1099 amount paid for the vendor is correct?" on page 43.

Print a Test Run of Laser 1099s

To print a test run of laser 1099 forms:

1   Select **Reports > Forms > 1099s**.

2   Complete the payer information and click [**OK**].

3   Complete the **1099 Form Options** window and click [**OK**].

4   Click [**Printer Setup**] and clear **Use printer fonts** if it is selected.

5   Click [**Ranges**] and select at least six vendors to make a test run.

6   If the data prints too high or low on this form, take one of the following actions:

▫ Use [**Page Setup**] to adjust the margins.

▫ From the print driver properties, adjust the unprintable areas, if available.

▫ Install a recommended printer. See **Help > Documents > Technical System Reference**.

NOTE: Sage Timberline Office supports the use of business-class laser jet printers. We recommend that you use the PCL 5e printer driver. Sage Timberline Office no longer supports continuous-feed printers for year-end processing.

7 If your reports are printing too far to the right, left, top, or bottom of the laser printer's printout, adjust the report margins, adjust the unprintable areas, or change your print driver to correct the printout:

a In the **1099 Print Selection** window, click [**Page Setup**], and adjust the margins as appropriate.

b Adjust unprintable areas for your print driver, if available.

c Install a Sage Timberline Office recommended printer driver.

NOTE: Sage Timberline Office supports the use of business-class laser jet printers. We recommend that you use the PCL 5e printer driver. Sage Timberline Office no longer supports continuous-feed printers for year-end processing.

8 Follow steps 1 through 7 and make as many test runs as necessary until you are satisfied with the results. Make a note of any changes you make on the test runs. You will make the same changes for your live run.

Print 1099s

For a test run, print the 1099 forms first on plain paper, rather than the preprinted forms. You can print 1099 forms as many times as you need to verify that the information is correct before you print it on the 1099 forms. See <u>"Print a Test Run of Laser 1099s" on page 50</u>.

1 Select **Reports > Forms > 1099s** to print the 1099 forms. If the **Retain 1099 totals by GL prefix** check box is cleared in the **AP Settings** window, the information in the **Print 1099 Forms - Payer Information** window prefills from the **Data Folder Settings** window (**File > Data Folder Settings > General**).

2 If you select the **Retain 1099 totals per GL prefix** check box in the **AP Settings** window and you store 1099 totals by prefix, select **By fiscal entity** and enter the **GL prefix** ID to print 1099s by General Ledger prefix. The system uses the payer name, address, phone number, and federal ID information from the General Ledger prefix setup (**GL: Setup > Prefix**). Make sure this information is complete on the prefix setup.

The **Phone** field will prefill from the **Data Folder Settings** if reporting by vendor.

3 Select the **Foreign entity** check box if you are a Canadian client printing 1099s for vendors in the United States.

NOTE: You can now use a federal ID that begins with the number 69. You can also leave the federal ID field empty.

4 Click [**OK**] to continue.

5   Choose the appropriate **Reporting Year**.

> **NOTE:** If you have closed your 1099 year, the **Reporting Year** boxes will read **2012 Year-to-date** and **2011 Last year**.

6   Enter the minimum reporting amount in the **Minimum reporting amount** box. Vendors with amounts less than this entry are not printed.

7   Select the **Form Type**.

8   Click [**OK**] to continue.

9   Select **1099 Form Type**.

10 Click [**Start**] to print.

11 Print the 1099s to a file. This allows you to archive the information.

Generate Magnetic Media Returns

In addition to printing 1099 forms, you can simultaneously generate a magnetic media file for the IRS. If you select the **Generate magnetic media** check box in the **1099 Form Options** window, a 1099 magnetic media file is created after the 1099 forms are printed. Sage Timberline Office also prints a Magnetic Media Status Report that lists missing or invalid vendor information. Use this list as a reference to make the necessary adjustments to the vendor record.

The Magnetic Media Status Report defaults to a.txt extension when it is printed. To view the report, select **File > Printouts** and change the entry in **Files of type** to **Plain Text (*.txt)**.

To generate a magnetic media file while you produce 1099 forms:

1 Select **Reports > Forms > 1099s**.

2 Enter the payer information in the **Print 1099 Forms—Payer Information** window.

3 Click [**OK**] to open the **1099 Form Options** window.

4 Select the **Reporting Year**.

NOTE: If you have already closed your 1099 year, the **Reporting Year** boxes will read 2011 Year-to-date and 2011 Last year.

5 Enter the minimum reporting amount in the **Minimum reporting amount** box. Vendors with amounts less than this entry are not printed.

6 Select the **Generate Magnetic Media** check box.

7 Enter the transmitter control code provided by the IRS. If you do not have a transmitter control code, you must apply for one with the IRS before you can submit 1099 forms on magnetic media.

8 Enter the transmitter TIN and media number.

9 Enter a contact for the return of the file.

10 Click [**OK**].

11 Click [**Save**] to accept the default magnetic media file name of IRSTAX or change the file name as required. The magnetic media file is created without an extension.

Each time you create a new magnetic media file, it replaces any magnetic media file currently in the folder with the same name. If it is necessary to create more than one magnetic media file in the same folder (for example, you produce 1099–MISC forms and 1099–INT forms from Accounts Payable), ensure you save each file with a unique file name.

Submitting Magnetic Media Files

Submit your magnetic media to the IRS by electronic file upload through their File Information Returns Electronically (FIRE) system at https://fire.irs.gov/firev1r/. Create an account and log on before uploading your magnetic media file.

NOTE: The U.S. Federal Government no longer accepts magnetic media submissions on diskette.

Magnetic Media Status Report Error Messages

The following error messages may appear on the Magnetic Media Status Report generated in Accounts Payable. The description for each message should help you determine what to do to correct the problem. Most of the problems can be corrected by using **Setup > Vendors** to change the incorrect data for each vendor.

Error Message	Explanation
Invalid Federal ID	The vendor's federal tax ID is not in the correct format. The federal tax ID can be either an employer identification number (EIN) or a social security number (SSN).
	If the federal tax ID is an EIN, the following requirements must be met:
	Must be in the format 99-9999999.
	Must be nine digits (excluding hyphen).
	Cannot be all zeros.
	If the federal tax ID is an SSN, the following requirements must be met:
	Must be in the format 999-99-9999.
	Must be nine digits (excluding hyphens).
	Cannot begin with a nine or an eight.
	Cannot be all zeros.
Can't determine Federal ID type	The federal tax ID for the specified vendor is not in one of the valid formats for a federal tax ID. Refer to the description of the "Invalid Federal ID" error message in this section.
Missing address, city, state or zip	The address, city, or state information is missing from the vendor in the master file.

Error Message	Explanation
Invalid state (or province) abbreviation	The state (or province) abbreviation entered for the vendor is not a valid two-character postal abbreviation.
Invalid zip code	The vendor's zip code is not in the correct format. The zip code can be in the five-digit format (99999) or the nine-digit format (99999-9999).

File Maintenance Procedures

Move Checks

Move Checks lets you move checks and all related invoice information to a history file. This keeps your historical checks separate from your current checks. It also decreases the size of your data file and speeds processing time. After the checks have been transferred to history, they can be used for reporting purposes; they can no longer be voided or edited.

If you use the Commitment Cost with Detail report, any Job Cost reports, or custom reports that use invoice detail from the Accounts Payable master file, you may not want to move checks until the job is completed, depending on the level of detail that you use.

If you have the Report Designer application, any report that uses the invoice detail from the Accounts Payable master file can be modified to also include invoice detail from the history file. Refer to "Data File Selection" in Report Designer Help for more information.

NOTE: The Move Checks process moves checks that have been cleared in Cash Management. The Move Checks process in Accounts Payable does not move checks in Cash Management.

CAUTION: Once vendors have been removed or checks have been moved to history, they cannot be moved back. You will be unable to change or delete any checks after they are moved to history. Make a backup copy of your Accounts Payable data files before you perform these steps.

Be sure to schedule adequate time because moving checks can be time intensive.

1 Make a backup copy of your Accounts Payable files.

2 To move checks, select **Tools > Move > Checks > Current to History**. Make sure to enter the correct check date cutoff using conditions and ranges.

NOTE: If some checks did not move to history, read the Accounts Payable Help Topic "About setting criteria for moving checks."
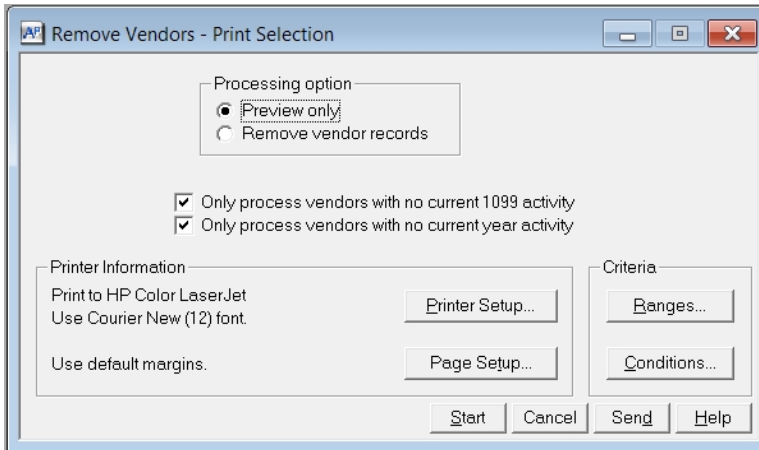
Remove Vendors

To avoid removing active vendors, select **Remove Vendors** before you close the 1099 year or the fiscal year and after you print 1099s. When you select **Close 1099 Year** and **Close Year**, the 1099 **Amount Paid** fields in each vendor record for the last year, current year, and next year are updated automatically.

Remove Vendors permanently removes all vendors without current year activity. If you select **Remove Vendors** after you close the 1099 year or fiscal year, use [**Ranges**] or [**Conditions**] to control which vendors are removed.

1 Back up your Accounts Payable files. See "Appendix B" on page 84 for more information.

2 Select **Tools > Remove Vendors**.

3 Use the **Preview Only** option to verify which vendors will be removed.

4 Select the appropriate check boxes for activity in the **Remove Vendors - Print Selection** window.

5 If the preview is correct, go to the next step. If the preview is incorrect, make the necessary adjustments and then proceed.

6 Select **Tools > Remove Vendors**, and select **Remove vendor records** under **Processing option**. This permanently deletes vendors with no current 1099 totals and vendors without current year activity. Be sure to use [**Ranges**] and [**Conditions**] to limit the vendors removed as a new vendor with no invoices or payments may be removed, leaving the commitments without vendors.

Compact Files

After you successfully remove vendors and move checks, see "Compacting Files" on page 82 to compact the Accounts Payable master file and Accounts Payable current transaction file.

Accounts Payable Year-End Closing Procedures

CAUTION: The **Close 1099 Year** command does not print a journal. Once you click [**Start**], the process begins. Verify that the **1099 year ending date** in **AP Settings** is 12/31/2011 before you begin. If the 1099 year ending date is 12/31/2012, this process has already been performed. If you accidentally run close year twice, you will need to restore the information from a backup copy made before you closed the second time.

1 Select **Tasks > Close 1099 Year**. The 1099 year is always the calendar year regardless of your company's fiscal year. The **Close 1099 Year** command:

- Moves the amount in the **This Year 1099 Amount Paid** field to the **Last Year 1099 Amount Paid** field in each vendor record.

- Moves the **Next Year 1099 Amount Paid** field to the **This Year 1099 Amount Paid** field in each vendor record.

- Updates the **1099 Year End Date** field in the **AP Settings** window with the new year.

- If you store 1099 totals by prefix, the amount in the **1099 Amount Paid: Year-to-date** field moves to the **1099 Amount Paid: Last Year** field, and the **1099 Amount Paid: Next Year** field moves to the **1099 Amount Paid: Year-to-date** field in each prefix total record. You can view these totals using **Tools > Maintain Prefix Totals**.

  NOTE: You can perform the Close 1099 Year command at any point during the year-end process.

2 At the end of your fiscal year, close the Accounts Payable year by entering all the invoices for the year and printing year-end reports. Close the Accounts Payable year using **Tasks > Close Year**. The **Close Year** command:

- Moves the amounts in the **This Year** fields to the **Last Year** fields that appear in the **Vendor Setup - Totals** window for each vendor record.

- Moves the **Next Year** fields to the **This Year** fields in the same window for each vendor record.

- Updates the **Year Ending Date** field in the **AP Settings** window with the new year.

  NOTE: Do not close the Accounts Payable year at the end of the calendar year unless it is also the end of you r fiscal year.

Chapter 5: Property Management

Checklist

NOTE: This checklist provides a recommended sequence of steps only. Your actual sequence may vary, depending upon your organization's processes.

January

_____Advance to a new year, see page 59.

_____Prepare to print 1099 forms, see page 62.

_____Print 1099–Interest forms and generate magnetic media, see page 63.

_____Print 1098–Mortgage Interest forms and generate magnetic media, see page 66.

_____Submit magnetic media, see page 67.

_____Clear paid items and compact files, see page 70.

Common Property Management Questions and Answers

Can I post January 2012 payments and print 1098s and 1099s for 2011 later?

You can print 1098s and 1099s based on this year's or last year's totals.

For more information on printing 1099–INT forms from Property Management, see:

- "Print 1099–INT Forms" on page 62
- "Print 1099–INT Forms and Generate Magnetic Media Returns" on page 63

For more information on printing 1098–Mortgage Interest forms from Property Management, see:

- "Print 1098–Mortgage Interest Forms" on page 64
- "Print 1098–Mortgage Interest Forms and Generate Magnetic Media Returns" on page 66

Advance to a New Year

Property Management tracks year-to-date totals based on both the calendar year end and the fiscal year end specified during property setup. If you operate on a calendar year, the process is triggered when the period-end date is advanced from December to January when you select **Close Current Period**. The fiscal year-end process is triggered when you advance to the new fiscal year.

Data changes that occur during either the calendar or fiscal year-end are built into **Close Current Period**. In addition to monthly changes, which occur during **Close Current Period**, changes are made to your Property Management data when a current period end advances to a new calendar or fiscal year.

Be sure to print the necessary reports you typically print each month before you close the current billing period and advance to January. As usual, confirm that you have backed up your Property Management files before you select **Close Current Period**.

The table below details the data changes that occur during each year-end process. These tasks are performed in addition to the tasks you perform every period.

Calendar Year-End	Fiscal Year-End
Changes the **Annual Interest totals** on the lease deposit fields: The value in **Interest Paid YTD** is moved to **Interest Paid Last Year**. The value in **Interest Paid Next year** is moved to **Interest Paid YTD**. **Interest Paid** is set to zero.	Changes the totals in the **Miscellaneous Income** fields: (**Tax** fields appear only if you are tracking taxes.) The amount stored in **Income YTD** is moved to **Income Last Year.** **Tax YTD** is moved to **Tax Last Year**. The amount stored in **Income Next year** is moved to **Income YTD**. **Tax Next Year** is moved to **Tax YTD**. **Income Next Year** is set to zero. **Tax Next Year** is set to zero.
Deletes old **Property Calendar Year Occupancy** records, if appropriate, based on the number of years that you retain occupancy.	Deletes old **Property Fiscal Year Occupancy** records, if appropriate, based on the number of years that you retain occupancy.
Deletes old **Property Calendar Year Accumulator** records, if appropriate, based on the number of years that you retain each accumulator.	Deletes old **Property Fiscal Year Accumulator** records, if appropriate, based on the number of years that you retain each accumulator.
Deletes old **Unit Calendar Year Accumulator** records, if appropriate, based on the number of years that you retain each accumulator.	Deletes old **Unit Fiscal Year Accumulator** records, if appropriate, based on the number of years that you retain each accumulator.

Calendar Year-End	Fiscal Year-End
Deletes old **Lease Calendar Year Accumulator** records, if appropriate, based on the number of years that you retain each accumulator.	Deletes old **Lease Fiscal Year Accumulator** records, if appropriate, based on the number of years that you retain each accumulator.
Deletes old **Lease Calendar Year Sales Volume** records, if appropriate, based on the number of years that you retain sales volume history.	Deletes old **Lease Recovery Expense Amount** records.
--	Advances fiscal year-end date on the property.

NOTE: Occupancy records and accumulator records are retained for the number of years you specify during their respective setup. If you specify zero years, the record totals are retained indefinitely.

1099–INT Forms

To learn more about generating your government forms with Aatrix, refer to the *eFiling Guide*. You can find the *eFiling Guide* in the Knowledgebase. See "Access the Sage Customer Portal" on page 5 for more information on using the Knowledgebase.

The federal government may require your company to submit 1099 forms to report interest paid on deposits. You are required to file 1099–INT forms on magnetic media if you issue 250 or more forms.

Before you actually begin the printing process, you should perform the following steps:

1 Select **Tasks > Deposit Interest > Accrue Interest** to accumulate year-to-date interest.

2 Select **Tasks > Deposit Interest > Pay Interest** to create invoices for payment.

3 Print the 1099–INT forms on plain paper before you print them on preprinted forms. This lets you review the information for errors without wasting forms.

4 Make backup copies of your Property Management files and store them as a permanent record off site. For copying instructions, see "Appendix B" on page 84. IRS regulations require you to be able to reproduce your 1099 submittal.

5 We recommend you back up your entire data base, creating an annual archive after completing your year-end processing. This archive can be used for restoring data or reporting purposes.

NOTE: You can print 1099s either before or after you close December because 1099s can be printed from either **Interest Paid Last Year** or **Interest Paid YTD**.

Print a Test Run of Laser 1099–INT Forms

To print a test run of laser 1099–INT statements:

1   Select **Reports > Forms > 1099–INT**. Follow the wizard.

2   In the **Printer Setup–1099–INT** window, clear **Use printer fonts** if it is selected.

3   Use [**Ranges**]; select at least three leases to make a test run.

4   If the data prints too high on the form, make another test run. Before you print another test, select [**Page Setup**] and increase the top margin.

   If the data prints too low with a zero top margin, your printer has a top clip region that is too large to print 1099 forms. If the bottom couple of lines from the first page print on the second page and the rest of the second page is blank, your printer's bottom clip margin is too large to print 1099 forms. In either situation, use another compatible printer to print your 1099 forms.

   NOTE: Sage Timberline Office supports the use of business-class laser jet printers. We recommend that you use the PCL 5e printer driver. Sage Timberline Office no longer supports continuous-feed printers for year-end processing.

5   Follow steps 1 through 4 and make as many test runs as necessary until you are satisfied with the results. Make a note of any changes you make on the test runs. You will make the same changes for your live run.

Print 1099–INT Forms

To print 1099 forms for your tenants and the IRS:

1   Select **Reports > Forms > 1099–INT**.

   The **1099–INT Forms** wizard directs you through the process of setting up information to print the forms.
   The last window of the wizard summarizes the options you chose. Verify this information. If you need to make any changes, click [**Back**] to move to the appropriate window.

2   Click [**Finish**] to complete the wizard.

3   Select [**Ranges**] to choose specific leases within the set of properties chosen. To produce printed 1099s, select **Start**.

   NOTE: Sage Timberline Office no longer supports continuous-feed printers for year-end processing.
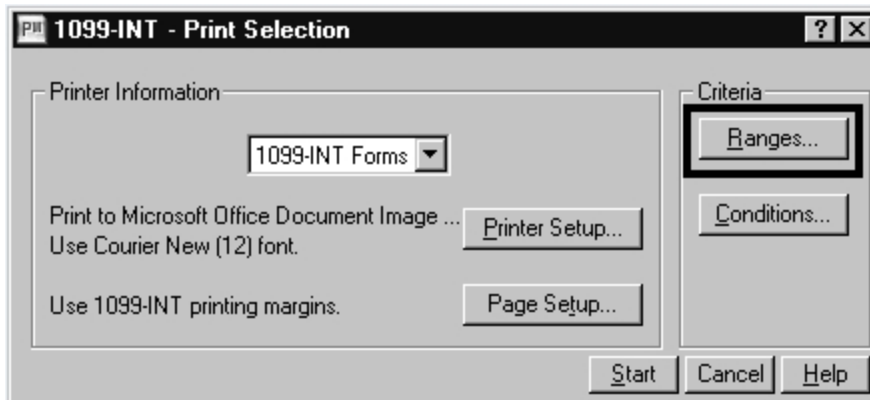
NOTE: If a lease has multiple interest-bearing deposits, the deposit interest will be combined on a single form. If a tenant has multiple leases with interest-bearing deposits, the tenant will receive one 1099–INT form for each lease. If there are revisions to a lease, a separate form will print for each revision of that lease.

Print 1099–INT Forms and Generate Magnetic Media Returns

In addition to printing 1099 forms, you can use the **1099–INT Forms** wizard to simultaneously generate a magnetic media file for the IRS. If you want to generate magnetic media for the IRS, select the **Yes, produce magnetic media** option in the **Magnetic Media** window of the wizard.

After you finish the wizard, you will be prompted to name the magnetic media file. The default file name is IRSTAX but you can change the name as required.

If you need to create more than one magnetic media file in the same folder (for example, you produce 1099–MISC forms from Accounts Payable and 1099–INT forms from Property Management or you produce 1099–MISC forms by prefix), ensure you save each magnetic media file with a unique file name before you produce the next batch of 1099s. This is necessary because each time you create a new magnetic media file, it replaces any magnetic media file currently in the folder with the same name.

1098–Mortgage Interest Forms

The federal government may require your company to submit Form 1098–Mortgage Interest Statements to report mortgage interest received from tenants. The federal government requires you to file 1098 forms on magnetic media if you issue 250 or more forms. In order for the forms to calculate correctly, make sure you enter the appropriate information in the following Property Management fields:

- **Current interest paid** (**Setup > Properties > General > Status tab**).
- **Tax amount** (**Setup > Properties > Tax tab**).

- **Unit shares** (**Setup > Units > General > Class/Address/Rent tab**).

- **Do not print 1098 form** check box is cleared (**Tasks > Manage Leases > Change Lease > General > Miscellaneous tab**).

Before you actually begin the printing process, you should perform the following steps:

1 Print the 1098 forms on plain paper before you print them on preprinted forms. This lets you review the information for errors without wasting forms.

2 Back up your Property Management files and store them as a permanent record off site. For copying instructions, see "Appendix B" on page 84. IRS regulations require you to be able to reproduce your 1098 submittal.

Print a Test Run of Laser 1098–Mortgage Interest Forms

To print a test run of laser 1098–Mortgage Interest statements:

1 Select **Reports > Forms > 1098–Mortgage Interest**. Follow the wizard.

2 In the **Printer Setup–1098 Mortgage Interest** window, clear **Use printer fonts** if it is selected.

3 Use [**Ranges**]; select at least three leases to make a test run.

4 If the data prints too high on the form, make another test run. Before you print another test, select [**Page Setup**] and increase the top margin.

If the data prints too low with a zero top margin, your printer has a top clip region that is too large to print 1098 forms. If the bottom couple of lines from the first page print on the second page and the rest of the second page is blank, your printer's bottom clip margin is too large to print 1098 forms. In either situation, use another compatible printer to print your 1098 forms.

NOTE: Sage Timberline Office supports the use of business-class laser jet printers. We recommend that you use the PCL 5e printer driver. Sage Timberline Office no longer supports continuous-feed printers for year-end processing.

5 Follow steps 1 through 5 and make as many test runs as necessary until you are satisfied with the results. Make a note of any changes you make on the test runs. You will make the same changes for your live run.

Print 1098–Mortgage Interest Forms

To print 1098–Mortgage Interest forms for your tenants and the IRS:

1 Select **Reports > Forms** > **1098–Mortgage Interest**.

The **1098–Mortgage Interest Forms** wizard directs you through the process of setting up information to print the forms.

The last window of the wizard summarizes the options you chose. Verify this information. If you need to make any changes, click [**Back**] to move to the appropriate window.
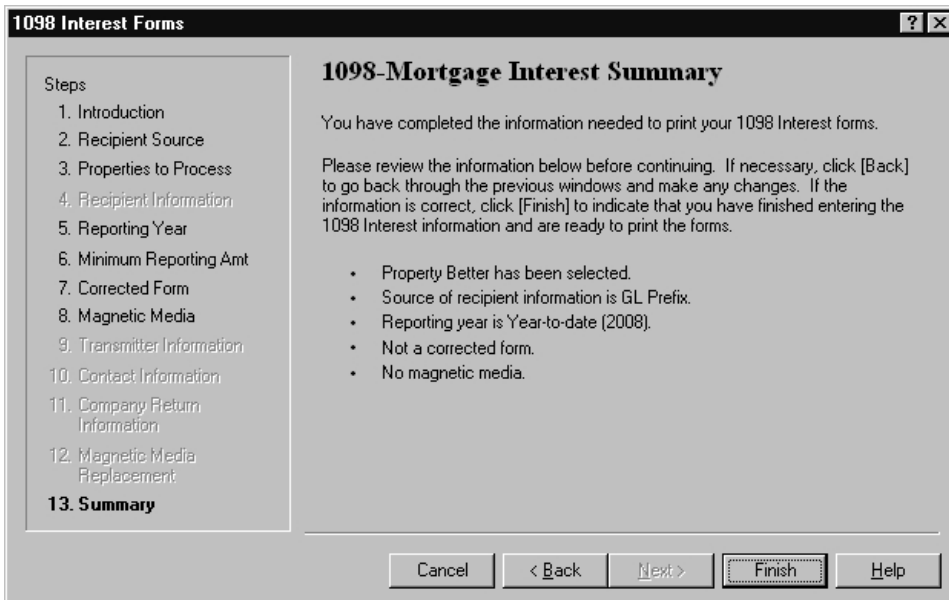
2 Click [**Finish**] to complete the wizard.

3 Select [**Ranges**] to choose specific leases within the set of properties chosen. To produce printed 1098–Mortgage Interest forms, select **Start.**

NOTE: Sage Timberline Office no longer support continuous-feed printers for year-end processing.
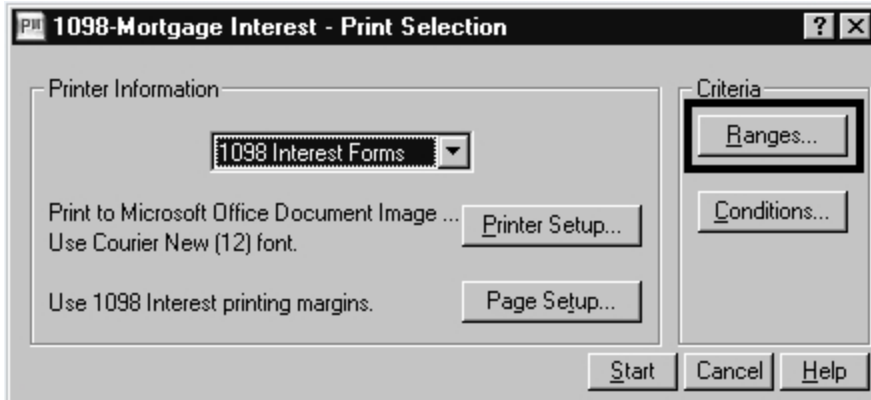
NOTE: If a property has multiple units, one form will print for each unit. Also, if a lease has revisions, a separate form will print for each revision of the lease.

Print 1098–Mortgage Interest Forms and Generate Magnetic Media Returns

In addition to printing 1098–Mortgage Interest forms, you can use the **1098–Mortgage Interest Forms wizard** to simultaneously generate a magnetic media file for the IRS. If you want to generate magnetic media for the IRS, select the **Yes, produce magnetic media** option in the **Magnetic Media** window of the wizard.
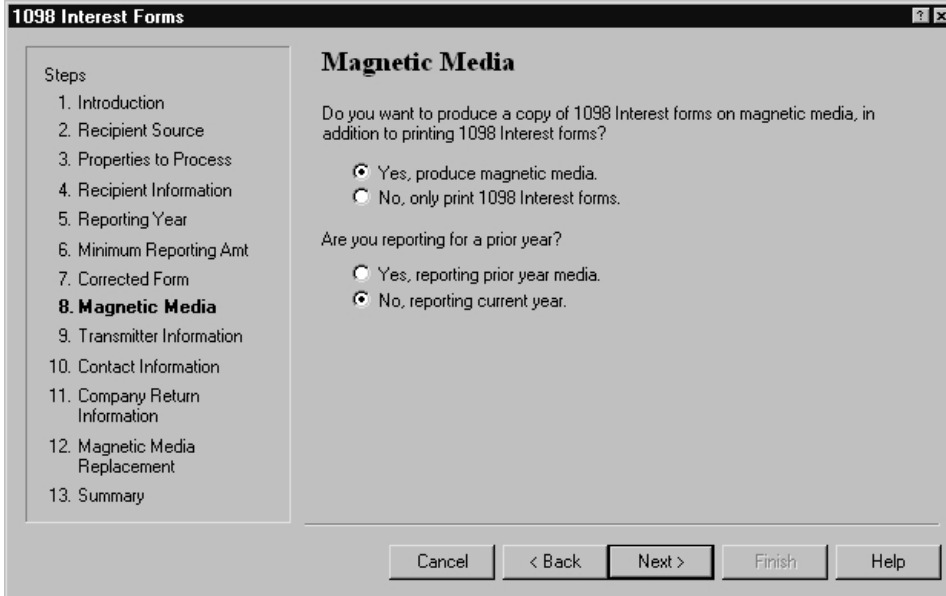
After you finish the wizard, you will be prompted to name the magnetic media file. The default file name is IRSTAX but you can change the name as required.

If you need to create more than one magnetic media file in the same folder (for example, you produce 1099–MISC forms from Accounts Payable and 1098–INT forms from Property Management, or you produce 1098–MISC forms by prefix), ensure you save each magnetic media file with a unique file name before you produce the next batch of 1098 forms. This is necessary because each time you create a new magnetic media file, it replaces any magnetic media file currently in the folder with the same name.

Submitting Magnetic Media Files

Submit your magnetic media to the IRS by electronic file upload through their File Information Returns Electronically (FIRE) system at https://fire.irs.gov/firev1r/. Create an account and log on before uploading your magnetic media file.

NOTE: The U.S. Federal Government no longer accepts magnetic media submissions on diskette.

1099–INT and 1098–Mortgage Interest Status Report Error Messages

The following error messages may appear on the 1099-INT Status Report or the 1098 Status Report generated in Property Management. The description for each message should help you determine what needs to be done to correct the problem. You can correct most of these problems by using **Setup > Tenants** to change the tenant's incorrect data.

Error Message	Explanation
Invalid Federal ID	The federal tax ID is not in the correct format. The federal tax ID can be either an employer identification number (EIN) or a social security number (SSN).
	If the federal tax ID is an EIN, the following requirements must be met:
	▪ Must be in the format 99-9999999.
	▪ Must be nine digits (excluding hyphen).
	▪ Cannot be all zeros.
	▪ If the federal tax ID is a SSN, the following requirements must be met:
	▪ Must be in the format 999-99-9999.
	▪ Must be nine digits (excluding hyphens).
	▪ Cannot begin with a nine or an eight.
	▪ Cannot be all zeros.

Error Message	Explanation
Can't determine Federal ID type	The federal tax ID for the specified tenant is missing or is not in one of the valid formats for a federal tax ID. Refer to the description of the "Invalid Federal ID" error message in this section.
Missing address, city, or state	The address, city, or state information is missing from the tenant record.
Invalid state abbreviation	The state abbreviation entered for the tenant is not a valid two-character postal abbreviation.
Invalid zip code	The tenant's zip code is not in the correct format. The zip code can be in the five-digit format (99999) or the nine-digit format (99999-9999).

Error Message	Explanation
Amount (999,999.99) is too large	Federal regulations limit the amount that can be reported on magnetic media. This error indicates that the derived mortgage interest amount exceeds the number of digits allowed on the 1098-Mortgage Interest form.
	You can resolve this error by following the steps below to verify the amount and correct, if necessary, the current interest paid for the property and the unit shares for the unit:
	1 In Property Management, from the **Setup** menu, select **Properties**.
	2 Select the appropriate property from the list.
	3 On the **General** tab, click the **Status** tab.
	4 Verify the value in the **Current interest paid** box. If this amount is not correct, type the appropriate value.
	5 Click [**Close**].
	6 From the **Setup** menu, select **Units**.
	7 Select the appropriate unit from the list.
	8 On the **General** tab, click the **Class/Address/Rent** tab.
	9 Verify the value in the **Unit shares** box. If this is not correct, type the appropriate value.
	10 Click [**Close**].
	Your 1098 forms should now print as usual.
	Notes:
	▪ The derived amount of mortgage interest paid per unit cannot exceed nine digits and two decimal places if you process magnetic media when you print 1098-INT forms.
	▪ The derived amount of mortgage interest paid per unit cannot exceed ten digits with two decimal places if you do not process magnetic media when you print 1098-INT forms.
The number of unit shares for the unit is zero.	If this is a setup error, enter the number of unit shares through **Setup > Unit**.

Error Message	Explanation
The current interest paid on the property is zero.	Enter the amount of current interest paid for the property through **Setup > Property**.
The lease has a blank actual move-in date.	If this is a setup error, enter the move-in date through **Tasks > Manage Leases > Change Lease**.
The property tax amount for the property for the year is either zero or not entered.	Enter property taxes through **Setup > Property**.
There were no occupied units for the property in this reporting year.	The actual move-in and move-out dates on the lease determine whether or not a 1098–Mortgage Interest form should print. If the dates do not fall in the current calendar year for any leases on a property, no 1098–Mortgage Interest forms will print.
The calculated mortgage interest amount for the unit is [**dollar amount**], which is less than the specified minimum amount.	A minimum amount can be entered when you run 1098–Mortgage Interest forms. If the calculated mortgage interest amount for a specific unit is less than this amount, a form is not printed.

File Maintenance Procedures

Clear Paid Items

If you want to clear paid items and move them to a historical file, select **Tools > Clear Paid Items**. You can enter a cutoff date to control which transactions are cleared. Clearing paid items speeds up report processing because the paid items have been moved to a history file. Based on your company's procedure, not all paid items should be moved. You should only clear paid items that are no longer accessed on a daily basis.

CAUTION: Be sure that you have a backup of your Current.pmt and your historical transaction (.pmt) files before you clear paid items.

Compact Files

After you successfully move paid items, use **Upgrade Files** with the **Force File Upgrade** check box selected to compact the Property Management current transaction file. For more information, see .

NOTE: This process may be lengthy, depending on the size of your files and your system. Please allow sufficient time to complete this process.

Chapter 6: Other Applications

Accounts Receivable

For Accounts Receivable, the year-end procedures are listed below:

1 Enter and post all invoices and cash receipts for the year.

2 Print the necessary month-end and year-end reports that are required by your company.

3 Back up your Accounts Receivable files. For copying instructions, see "Appendix B" on page 84.

4 Select **Tasks > Close Year**. Year-to-date totals will be cleared and next-year totals will appear in year-to-date. In addition, the **Year-End date** is changed to the new year in **AR Settings**.

5 Move paid invoices to a history file with **Tools > Move Invoices > Current to History**.

> **NOTE:** To move miscellaneous General Ledger and Job Cost cash receipts, or to move transactions for activities that have been voided and not retained, select the **Move unassociated entries** check box. This moves unassociated entries regardless of start date, end date, ranges, or conditions entered.

For additional information related to file maintenance, see "Optional Year-End File and Disk Maintenance" on page 81.

Cash Management

Cash Management tracks interest received on an annual basis by bank account. Every bank account has **Year to date**, **Next year to date**, and **Last year to date** interest fields. These fields are found in **Setup > Bank Account** on the **Interest** tab. The accumulation in these fields is controlled by the year-ending date in **CM Settings**. To verify that all interest received has been recorded, compare the interest **Year to date** field with the year to date interest on your December bank statement.

To close Cash Management:

1 Back up all your Cash Management files. For copying instructions, see "Appendix B" on page 84.

2 Make any 2011 adjustments through **Tasks > Edit Register**.

3 Post any checks and files for the year 2011.

4 Verify the current **Year ending date** in **CM Settings**. If the year in the date is earlier than 2011, close the year until your year-end date is correct.

5 Once your December bank statement has been reconciled, select **Tasks > Close Year**. See "Reconciling" in Cash Management Help for more information.

   The **Current year ending date** and the **Next year ending date** will appear.

6 Click **CM Master file has been backed up**.

7 Click [**OK**] to close the year. The system will move the values in the interest fields to the appropriate period for the new year.

Tools > Move Entries > Register to History is usually done during the year as part of the monthly bank reconciliation procedure. See "Move, Entries" in Cash Management Help for more information.

NOTE: Once a check has been moved to a history file, it cannot be unreconciled or edited.

For information about additional file maintenance, see "Optional Year-End File and Disk Maintenance" on page 81.

Contracts

Contracts has no official year-end procedures because the data is processed on a contract-to-contract basis. You may want to consider the following steps:

NOTE: Before moving contracts, be sure all billings associated with a contract have been posted in Contracts. After the contract has been moved, all unposted transactions for that contract are rejected.

1 Print the necessary month-end and year-end reports that are required by your company.

2 Back up your Contracts data files. For copying instructions, see "Appendix B" on page 84.

3 Select **Task > Post Entries** and verify transactions are posted by reviewing the posting journal.

4 Select **Tasks > Close Month**. If the month that you are closing is the last month in the fiscal year, the system clears the year-to-date fields and advances the fiscal year-end date in **CN Settings**.

5 Change the status of completed contracts to **Closed** by selecting **File > Open Contract** and opening a contract. Click on the **General Tab** and move the **Status** to **Closed**. Repeat this step for each completed contract.

6 Move closed contracts to a history file with **Tools > Move Closed Contracts > Current to History**.

For additional information related to file maintenance, see "Optional Year-End File and Disk Maintenance" on page 81.

Equipment Cost

Equipment Cost has no official year-end procedures because it is processed on an equipment-by-equipment basis. You may want to consider the following steps:

1 Enter and post all transactions.

2 Print the necessary month-end or year-end reports that are required by your company.

3 Back up your Equipment Cost files. For copying instructions, see "Appendix B" on page 84.

4 Select **Tasks > Close Month**. When it is the last month of the fiscal year, the year-to-date and month-to-date fields are cleared.

For information about additional file maintenance, see "Optional Year-End File and Disk Maintenance" on page 81.

Job Cost

Job Cost has no official year-end procedures. You may want to consider the following steps.

1 Print the necessary month-end or year-end reports that are required by your company.

2 Back up your Job Cost data files. For copying instructions, see "Appendix B" on page 84.

3 Select **Tasks > Close Month**. If the month that you are closing is the 12th month in the fiscal year, the system clears the year-to-date fields and advances the fiscal year-end date in **JC Settings**.

After closing the month, you may consider archiving your Job Cost data. Your options include:

- Moving transactions for closed jobs to a history file in your active data folder and moving closed jobs to an archive folder.

- Moving closed jobs and their associated transactions to an archive data folder.

Moving Closed Job Transactions into a History File

After closing the month, you can move your transactions into a history file in your active data folder. If you want to move both your transactions and jobs into an archive folder, skip this section and see "Moving Transactions and Jobs into an Archive Folder" on page 74.

NOTE: Remember that inquiries will not allow you to look at both current and history files at the same time. However, reports will allow you to select both current and history files.

1 If you have not already done so, select **Setup > Jobs** and mark closed jobs with a status of **Closed**.

2 Select **Tools > Move > Transactions > Current to History**.

If this is the first time you have moved transactions to history, you will receive a message stating that the JC history file was not found and that it will be created. Click [**OK**].

3 In the **Print Selection** window, select [**Ranges**] or [**Conditions**] to avoid moving all current transactions to the history file.

CAUTION: Failure to select [**Ranges**] or [**Conditions**] will move all transactions to the history file.

If you select [**Ranges**], enter a beginning and an ending job number.

If you select [**Conditions**], click [**Index**] and select **JC Job**. Select **Status** in the **Field** column, **Equal To** in the **Operator** column, and **Closed** in the **Value** column.

4 After you move the transactions, review the journal to verify that the correct information was moved.

5 Move closed jobs to an archive folder. See "Move Closed Jobs into an Archive Folder" on page 75.

Moving Transactions and Jobs into an Archive Folder

It is recommended that transactions and closed jobs reside in the same folder for reporting purposes. Therefore, you may want to move transactions from Current to Current and select the Closed Jobs archive

folder as the destination.

If you do not have an archive folder, create one before you move transactions. Use the **New Data Folder** command on the **File** menu. Select a new company name for the folder (for example, Closed Jobs) and keep the other current settings.

1 Perform the following steps to move transactions associated with closed jobs to the archive folder. If you are moving transactions, commitments, and closed jobs, move the transactions first and then proceed to step 2 to move closed jobs with the commitments. You must move the transactions first so you can use job status as a condition for moving transactions. If you move jobs first, job status will not be available to use as a condition.

   a If you have not already done so, select **Setup > Jobs** and mark closed jobs with a status of **Closed**.

   b Select **Tools > Move > Transactions > Current to Current**.

   c In the **Destination File Selection** window, double-click the archive folder you want to move the transactions into and click [**Open**].

   d In the Print Selection window, select [**Ranges**] or [**Conditions**] to avoid moving all current transactions to the history file.

CAUTION: Failure to select [**Ranges**] or [**Conditions**] will move all transactions to the history file.

If you select [**Ranges**], enter a beginning and an ending job number.

If you select [**Conditions**], click [**Index**] and select **JC Job**. Select **Status** in the **Field** column, **Equal To** in the **Operator** column, and **Closed** in the **Value** column.

2 Move closed jobs to an archive folder. See Move Closed Jobs into an Archive Folder following this section.

Move Closed Jobs into an Archive Folder

NOTE: Before moving transactions, be sure that all costs and billings associated with a job have been posted in Job Cost. Once the job has been moved, unposted transactions for that job are rejected.

1 If you do not have an archive folder, create one before you move jobs. Use the **New Data Folder** command on the **File** menu. Select a new company name for the folder (for example, Closed Jobs) and keep the other current settings.

2 Select **Tools > Move > Jobs**.

3 In the **Destination File Selection** window, select your closed jobs folder and accept the file name of **Master**. If this is the first time you have moved jobs into this folder, you will receive a message: **File not found. Okay to create?** Answer [**Yes**].

4 In the **Print Selection** window, select [**Ranges**] or [**Conditions**] as discussed above to avoid moving all jobs.

5 If you also want to move all commitments associated with these closed jobs, select the **Move Commitments** check box. This will not move commitments entered to multiple jobs.

6 After you move the jobs, review the journal to verify that the correct information was moved.

For information about additional file maintenance, see "Optional Year-End File and Disk Maintenance" on page 81.

Residential Management

For Residential Management, the year-end procedures are listed below:

1 Post all transactions.

2 Print the necessary month-end and year-end reports that are required by your company.

3 Back up your Residential Management files. For copying instructions, see "Appendix B" on page 84.

4 Select **File > End of Month**.

For additional information related to file maintenance, see "Optional Year-End File and Disk Maintenance" on page 81.

Service Management

For Service Management, the year-end procedures are listed below:

1 Enter and post all entries for the year.

2 Print the necessary month-end and year-end reports that are required by your company.

3 Back up your Service Management files. For copying instructions, see "Appendix B" on page 84.

For additional information related to file maintenance, see "Optional Year-End File and Disk Maintenance" on page 81.

Chapter 7: General Ledger

Checklist

1. Prepare for Year-End, see "Prepare for Year-End" on page 78.

_____Record and post all entries for 2011.

_____Review and correct rejected entries.

_____Verify that all suspense-type accounts have a zero-balance.

_____Print a trial balance, current ledger, and any other month-end reports. Verify they are in balance.

_____Reconcile General Ledger with other applications.

_____Print financial statements.

_____Back up your data folder.

2. Perform Final General Ledger Year-End Closing Steps, see page 78.

_____Print a year-to-date ledger.

_____Make sure all changes and adjustments for 2011 have been made.

_____Use **Tasks > Close Fiscal Year** to close the year.

3. Make Adjustments to Prior Year as Necessary, see page 79.

_____Make adjustments to prior year as necessary.

4. Perform File Maintenance Procedures, see page 80.

_____Optional - Select **Tools > Move Transactions > Current to History** to move entries in your current files to history.

_____Compact files.

Common General Ledger Questions and Answers

1 **How do I clear the balance in a suspense account**?

Make reversing entries to a suspense account. Refer to "Correcting suspense account entries" in General Ledger Help.

2 **If I close General Ledger, will I still be able to post prior year adjusting entries that my accountant sends me?**

Yes. If you want to close the year in order to print current financial statements in the new year, you can always open the prior period and post those entries. Just do not forget to close the fiscal year again if it is an entry to an income or expense account. Also, do not forget to go back and close the posting period again (**Tasks > Open/Close Posting Period**). For more information, see "Year-End Closing Procedures" on page 78.

3 How do you close the last period of the year?

Select **Tasks > Close Fiscal Year**.

4 What is the Foreign Entity check box?

The Foreign Entity check box allows a Canadian client to print 1099s for vendors in the United States.

Prepare for Year-End

Perform the standard steps for a normal month-end closing. These steps should include the following:

1 Be sure that all 2011 entries are completed.

2 Post all new files.

3 Use the journal to verify that no entries for the current year were rejected. Review and correct any rejected entries.

4 Verify that all suspense-type accounts have a zero balance. This is necessary for **Close Fiscal Year** to move balances properly and post to retained earnings.

5 Print a trial balance, current ledger, and any other month-end reports.

6 Balance General Ledger and reconcile it with other applications.

7 Print financial statements.

8 Back up your General Ledger files. For copying instructions, see "Appendix B" on page 84.

Year-End Closing Procedures

Typically, General Ledger will be the last application you close. You can close Accounts Payable, Payroll, Property Management, and other applications first and then continue posting entries for the new year because General Ledger stores up to six months of future activity.

This process lets you print all of the standard reports (current ledger, trial balance, and financial statements) for each period in the new fiscal year. When you receive adjusting entries for the previous year, you will post them as prior year adjustments. You may then print adjusted financial statements for the prior year and each period in the new year, as well as reprint the prior year's year-to-date ledger.

> **CAUTION:** Make adjustments to the suspense accounts before you select **Close Fiscal Year**. This command will not close out the suspense account, and the retained earnings entry may be incorrect.

1 Complete your monthly closing procedures. Refer to "Prepare for Year-End" on page 78 for more information.

2 Back up your General Ledger files to store off-site. Refer to "Appendix B" on page 84 for more information.

3 Print your current ledger and financial statements reports.

4 Print a year-to-date ledger.

> **NOTE:** If you have transactions in a history transaction file (History.glt), you should select the appropriate option in **Tran files for YTD ledger** in the **GL Settings - Ledger Settings** window before you print the year-to-date ledger.

> **CAUTION:** Before you close the fiscal year, back up your General Ledger files. The process of closing the fiscal year is intensive. If it fails, you must restore from a backup. Remember that the General Ledger master file cannot be used by other applications while you close the year in General Ledger.

5 Use **Tasks > Close Fiscal Year** to close the year. If you have multiple prefixes, select the appropriate prefix level to close.

Use a copy of your income statement to verify the amount posting to retained earnings. If the amounts agree, proceed. Otherwise, cancel and determine the problem before you proceed. Be sure to check the suspense account, because entries in suspense will not close to retained earnings at year-end.

If both fiscal percentages (on the retained earnings account) and partner percentages (in the **GL Settings–Partners** window) exist, the partner percentages will override fiscal percentages to distribute the retained earnings. For more details see "Close Fiscal Year" in General Ledger Help.

The **Close Fiscal Year** command:

▫ Creates the entries that close the income and expense account balances to the retained earnings accounts in the history transaction file (History.glt).

▫ Clears the current balance of the income and expense accounts and posts the net income or loss to the retained earnings accounts in the General Ledger master (.glm) file. The closing entries are not reflected in the activity field for the last month of the fiscal year. This allows the system to retain the activity totals for reporting purposes. Closing transactions are posted to the History.glt file.

▫ Advances the year-end balances one year.

▫ Advances the fiscal year-ending and period-ending dates.

▫ Advances the account activity fields one period, changes the current activity on all accounts to zero, and moves in any posted future activity.

▫ Advances future activity one period.

▫ Prints a Close Fiscal Year journal that lists the closing entries.

6 Back up your General Ledger files again after you select **Tasks > Fiscal Year**, and store this backup copy off site.

7 We recommend you back up your entire data base, creating an annual archive after completing your year-end processing. This archive can be used for restoring data or reporting purposes.

Making Prior Year Adjustments

To make prior year adjustments:

1 Back up your General Ledger files before you proceed with the prior year adjustments.

2 Select **Tasks > Open/Close Posting Period**.

3 Select the entity that you want to use.

4 Click the appropriate **Closed Period** check box to clear it.

5 Select **Tasks > Record Entries** to enter all prior year adjustments using the prior year accounting date.

6 Select **Tasks > Post Entries** to post the entries.

7 Back up your General Ledger files again before you proceed.

> **CAUTION:** The process of closing the fiscal year is time intensive. If it fails, you must restore from a backup.

8 Select **Tasks > Close Fiscal Year** to close the prior year adjustments to retained earnings.

9 Reprint financial statements for the prior year. Enter the number of periods to roll back in the **Rollback** field.

10 Reprint financial statements for the current year periods to reflect the prior year adjustments using the rollback option.

11 Reprint the year-to-date ledger with the date range set to the prior fiscal year.

12 Re-close the prior period by selecting **Tasks > Open/Close Posting Period** and selecting the **Closed Period** check box that you cleared in step 4.

13 Move the prior year transactions to the History.glt file with **Tools > Move > Transactions > Current to History**.

14 Be sure to transfer only prior-year transactions. Also, be sure to enter the fiscal year-ending date as the cutoff date.

File Maintenance Procedures

If you have more than two years of transactions in the History.glt file, you may want to move the oldest year to an archived history file.

1 Select **Tools > Move > Transactions > History to History**.

2 Create or select the archive data folder.

3 Create or select the History.glt in that folder.

Be certain to enter the cutoff date for the oldest year that you want to transfer.

Compact Files

After you successfully move paid items, use **Upgrade Files** with the **Force File Upgrade** check box selected to compact the General Ledger history transaction file. This step reduces the size of this file by compacting the unused space. For more information, see .

> **NOTE:** This process may be lengthy, depending on the size of your files and your system. Please allow sufficient time to complete this process.

Appendix A

Optional Year-End File and Disk Maintenance

The following procedures provide additional year-end file and disk maintenance routines you may consider using. These procedures are basic tasks to help keep your system running at optimum performance. You can also incorporate these procedures into your monthly and quarterly procedures.

1 Archive and delete any print files (.prn) from your hard disk left from the previous year. For copying instructions, see "Appendix B" on page 84.

2 Test backups by restoring them to test folders. These tests are important because backup media may have a limited life, backup devices may malfunction, and you may have incorrect software settings in your backup software. Also, if you use a tape drive, be sure to clean your tape device regularly, as recommended by your tape device manufacturer.

3 Archive and store your data off-site. For information on archiving your data files, see Archiving Your Data in the next section.

Archiving Your Data

When you archive your data you move the data from your current data files to history files, from one history file to another history file, or from one master file to another master file. You may also need to create an archive data folder to perform some archiving tasks.

Archive your data on a regular basis to achieve the following:

- Reduce file size, which reduces processing and reporting time.
- Reduce time requirements when you upgrade your current data.
- Combine your historical and current data for reporting purposes or allow you to report on each separately.
- Streamline your selection lists to include only current records (jobs, employees, invoices, etc.).
- Organize historical data.

You should develop a company-wide plan to archive your data. If your company has a procedures guide, you may want to integrate this plan into your current procedures. Consider the following when you create this company-wide archive plan:

- How frequently do you archive data in each application?
- Do you move entries from your current transaction files to history files in the same data folder or in an archive folder (current to history or history to history)?
- If you use named files, what is your naming convention for archived data files?
- Where do you store your archived data, and what is the naming convention of your archive data folders?

Complete the following before you archive your data:

- Back up your data before you archive your files.

- Make sure that you have the proper permissions in the application and on the network.

- Run any necessary reports. Your reports may change after you archive your data.

- Create a new data folder for your archived data by going to **File > New Data Folder**. This creates a Ts.ctl file and allows you to access your archived data. Enter a new company name that distinguishes the archive folder from your current data folder. Enter the correct data folder path name according to your procedures. Select the **Use current setup** check box so the setup options are the same in the archive folder.

- Assess the time it will take to archive your data. You must close all Sage Timberline Office applications before you archive. You may want to archive over a weekend because of time constraints.

- Use **Tools > File Doctor** to identify any potential issues.

NOTE: File Doctor is not available in Estimating, Purchasing, Inventory, Service Management, or Residential Management.

- Stop all processing in Sage Timberline Office while you archive the data. You can resume processing after you complete the archive.

Complete the following after you archive your data:

- Back up your data files. See "Appendix B" on page 84 for more information.

- Reduce file size by compacting. See "Compacting Files" on page 82 for more information.

- Document which files were archived and where the data is stored. You may want to retain copies of your journals as part of your documentation.

NOTE: There are no archive capabilities for Address Book, Billing, Project Management, or Residential Management.

Compacting Files

After successfully performing year-end procedures, you can compact your application's master file and current transaction file. This step reduces the size of these files by compacting the unused space.

Contact your system administrator for assistance.

CAUTION: You should only use **File Doctor** on data stored on the local drive of the computer. Using **File Doctor** over your network can severely damage your data. Sage is not responsible for damage caused to your data as a result of using **File Doctor** over the network. Before you use **File Doctor** on your data, make a backup copy. Use **File Doctor** on the server to compact files and reduce file sizes.

1 Back up your data files.

2 Select **TS Main** > **Tools >File Doctor**, and then click [**Yes**].

3 In the **Tasks** section, select the **Compact good files** check box.

4 In the **Files** list, select the files that you want to compact.

5 Click [**Start**] to print the report to a file or printer.

Appendix B

More detailed information is available in Chapter 7 of the *User's Guide*, which is available in the Sage Knowledgebase.

Backup and Copy Procedures

Throughout this guide you are asked to back up and copy files. These copies are important:

- To preserve an off-site copy in case of damage to your building.
- To eliminate the need to re-key data in case of damage to your system.
- To ensure that you have a copy of your files for reference before you close the current year.

This appendix lists the file names to back up or copy in each application. Be sure to show file extensions to ensure proper operation.

NOTES:

- These procedures use default file names (for example, Current.glt and History.glt). If you use named files, substitute your named files for the default names.
- History files such as History.apt or History.glt are created when you select **Tools >Move** a file to history. For more information on moving files to history, see the topics on "File Maintenance" in each section of this book.

Files to Copy

When you are asked to back up or copy files, refer to the table below.

NOTE: The files listed in the table are required for reporting. When you back up your entire database, these files will be included. If you need to restore your Sage Timberline Office database you should restore the backup of your entire database.

Accounts Payable		
Current.apl	Current.apt	History.api
History.apl	History.apt	Master.apm
Master.txm (if using taxes)	New.api	Ts.ctl

User.frm	Standard.aps	--
Accounts Receivable		
Activity.ara	Current.art	Master.arm
History.ara	New.art	Standard.ars
Ts.ctl	History.art	Master.txm (if using taxes)
User.frm	View.arv	--
Billing		
Billed.bli	New.blt	Standard.bls
Unbilled.bli	History.blt	Master.txm (if using taxes)
User.frm	Unbilled.blw	Billed.blw
Ts.ctl	Master.blm	--
History.blw	--	--
Cash Management		
Register.cmt	History.cmt	Master.cmm
Ts.ctl	User.frm	--
Contracts		
Active.cna	Active.cnc	Active.cnt
Settings.cns	Ts.ctl	User.frm
Equipment Cost		
Current.eqt	History.eqt	Master.eqm
New.eqt	Standard.eqs	Ts.ctl
User.frm	--	--
General Ledger		
Current.glt	History.glt	Master.glm

Ts.ctl	User.frm	--
Job Cost		
Current.jct	History.jct	Master.jcm
New.jct	Ts.ctl	User.frm
Payroll		
Current.prt	History.prt	Master.prm
Ts.ctl	User.frm	System.prs
Tax.prx	Pr.frm	--
Property Management		
Accum.pma	Current.pmt	History.pmt
Issue.pmz	Lease.pml	New.pmt
Property.pmp	Recovery.pmv	Retail.pmr
System.pms	Tenant.pmn	Ts.ctl
Master.txm (if using taxes)	User.frm	

NOTE: Files that can be named will have the same extension as those listed in the table above. For example, January.api would be a named invoice file.

Purchasing and Inventory

To ensure that your Purchasing and Inventory files are included in the backup, we recommend that you click [**Add folders**] and select your data folder when backing up your files using **File Tools**. For more information, see "Backing Up Files Using File Tools" on page 87. To back up your Purchasing and Inventory files separately, click [**Add Folders**] and choose the **POIVData** folder located under your company data folder.

Service Management

To ensure that your Service Management files are included in the backup, we recommend that you click [**Add folders**] and select your data folder when backing up your files using **File Tools**. For more information, "Backing Up Files Using File Tools" on page 87. To back up your Service Management files separately, click [**Add Folders**] and choose the **SMData folder** located under your company data folder. If you have SM files in a different location, note the location by clicking **SM:File > Data Folder Settings > File Locations > SM Data**.

Residential Management

For Residential Management, copy both the .mdf and the .ldf files. Before the files can be copied, the MSSQL Server must be stopped. After copying the file, restart the MSSQL Server.

Refer to the *Technical System Reference - Residential Management* for detailed instructions on starting and stopping the MSSQL Server.
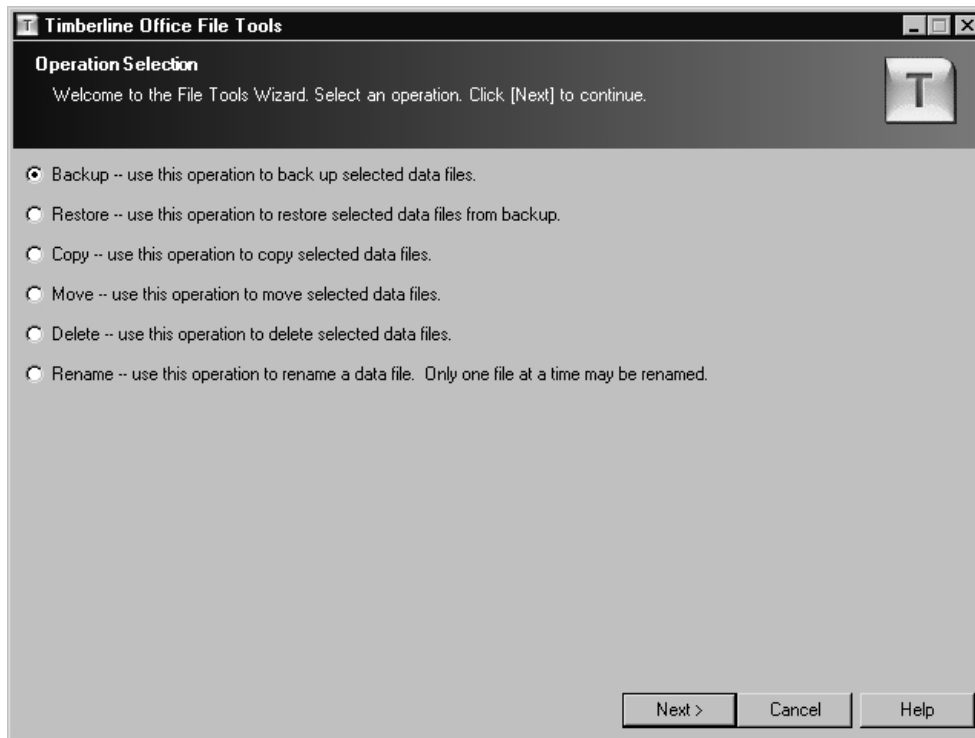
Backing Up Files

NOTE: When you use **File Tools**, the **Folder Options** of **Windows Explorer** should be set to display file extensions.

Use **File Tools** when you are asked to copy or back up files.

For other **File Tools** operations not described here, refer to the "File Tools" topic in any application's Help.

All **File Tools** options begin from a central window that is accessed by selecting **File Tools** from the **Tools** menu in any application. The **Operation Selection** window displays a list of options. Select an option and click [**Next**]. The window for that option will appear next.

Backing Up Files Using File Tools

Use this File Tools operation to back up the entire Sage Timberline Office data folder or select data files.

The following graphic is a sample. Your **Backup** window will display different information.
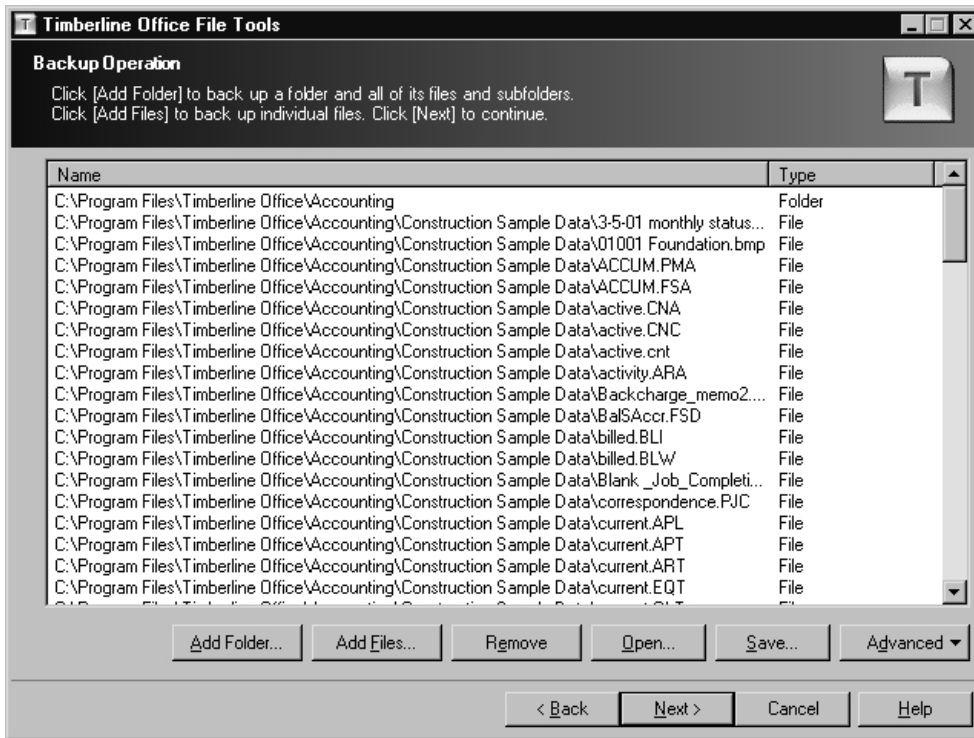
1 To back up your entire folder, click [**Add Folder]** and then select the folder that contains the files to be backed up. Use the down arrow at the right to open a list of available drives and folders. You can navigate to a higher folder on the same drive or change the search to another drive by selecting the applicable drive or folder. You can navigate one level upward by clicking the folder icon with the up arrow. Perform this step for each data folder you want included in the backup.

NOTE: When you select a folder, all sub-folders are included.

2 To back up files in folders other than those selected in step 1, click [**Add Files**]. Select the files to be backed up by holding down the CTRL key and clicking each file to highlight it. You can highlight all files by pressing the CTRL + A keys.

Click on a file again to remove a highlight.

3 Click [**Next**] to display the next **Backup Operation** window.

The following graphic is a sample. Your **Backup Destination** window will display different information.
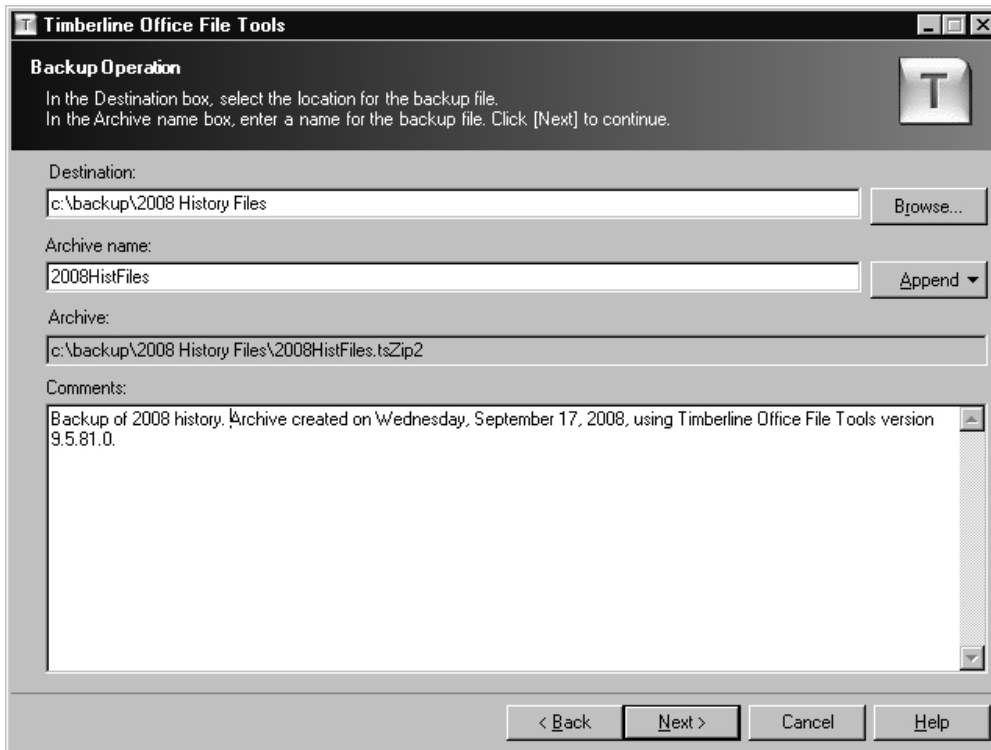
4 Use the **Destination:** field to specify the name and location of the backup file. Click [**Browse**] to help locate the destination folder. In the **Archive Name** field, type the name of the new archive file you want to create. The .tsZip2 suffix will be provided if you do not enter it.

NOTE: Be aware that if the .tsZip2 file you select already exists, it will be overwritten by the new file.
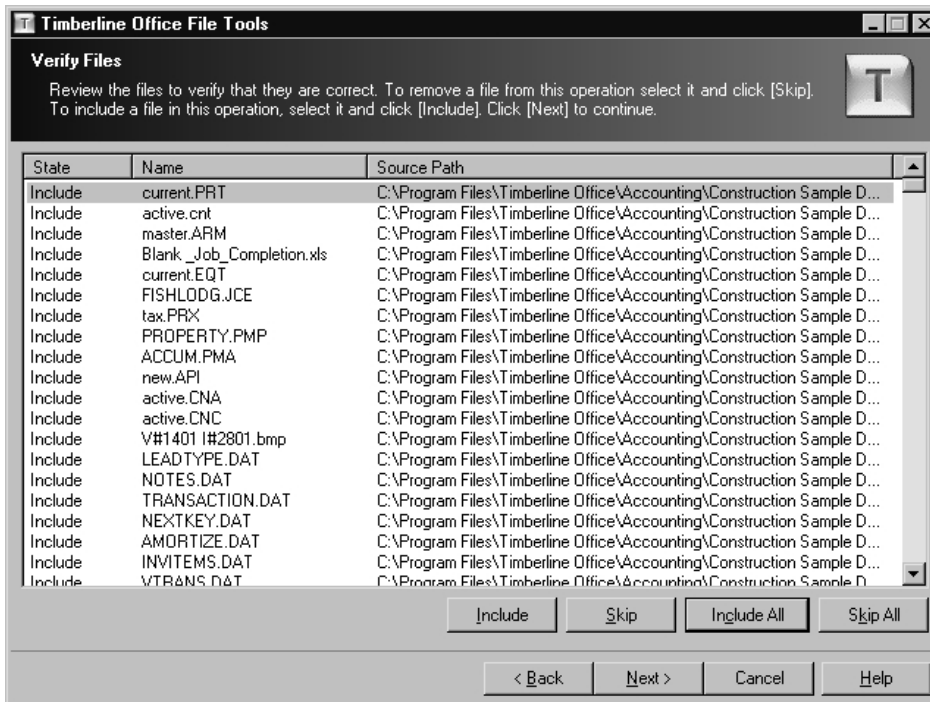
5 Enter a comment of your choice in the **Description:** field.

6 Click [**Next**] to advance to the **Progress** window.

7 A **Validation Summary** window appears. Click [**Next**].
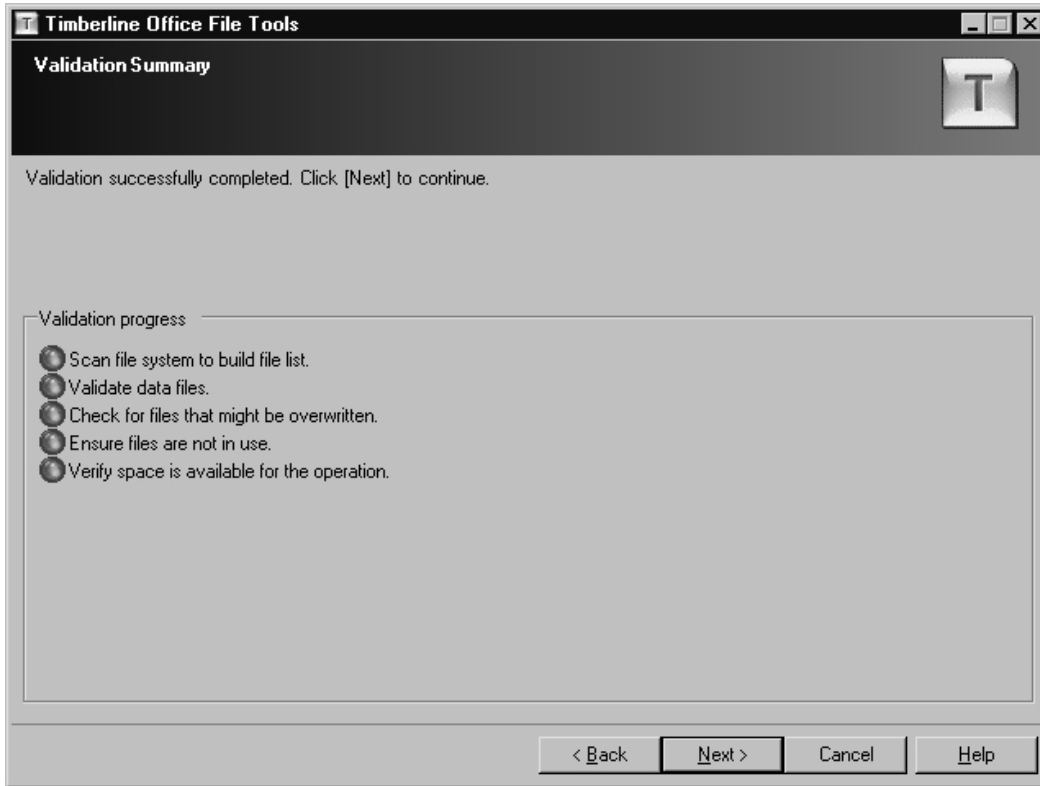
**8** The **Verify Files** window appears. Include and exclude the files from the remainder of the operation.

9 The **Execution Summary** window appears. Click [**Next**].

10 The **Operation Journal** window appears. If you want to save this journal, click [**Save**]. Click [**Finish**] to end the backup operation.
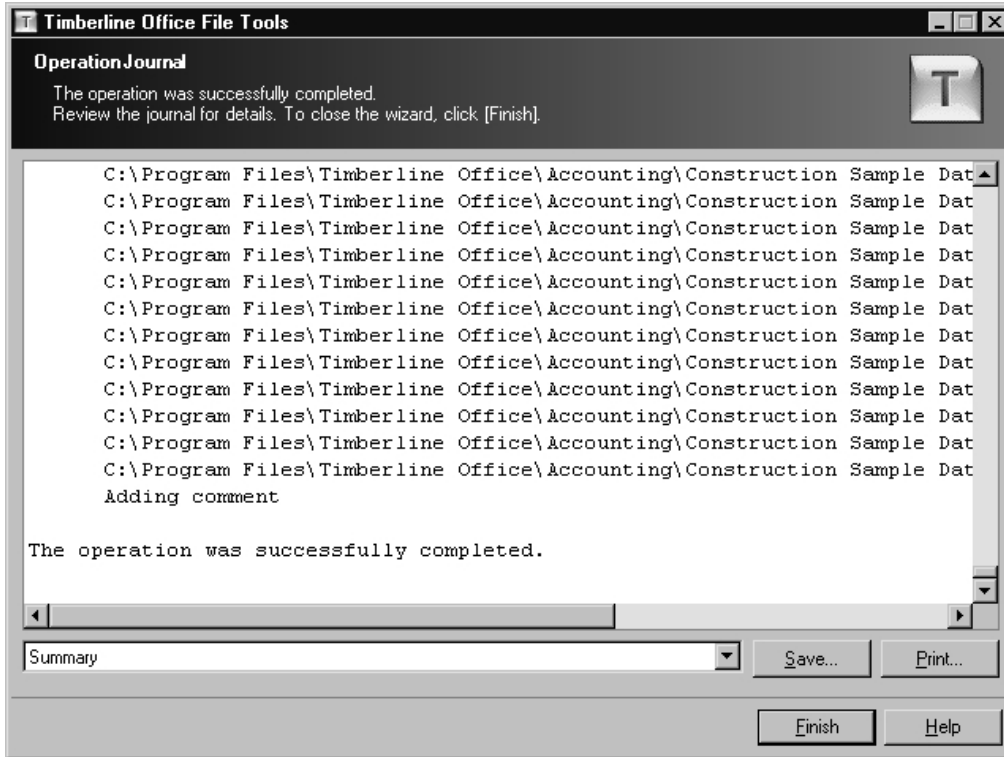
Copying Files Using File Tools

Use this File Tools operation to copy selected Sage Timberline Office data files to another location. These backups are meant to restore files immediately if a process does not finish successfully. They are not meant to replace your full backup. When you use **File Tools**, show file extensions to ensure proper operation.

The following graphic is a sample. Your **Copy Operation** window will display different information.
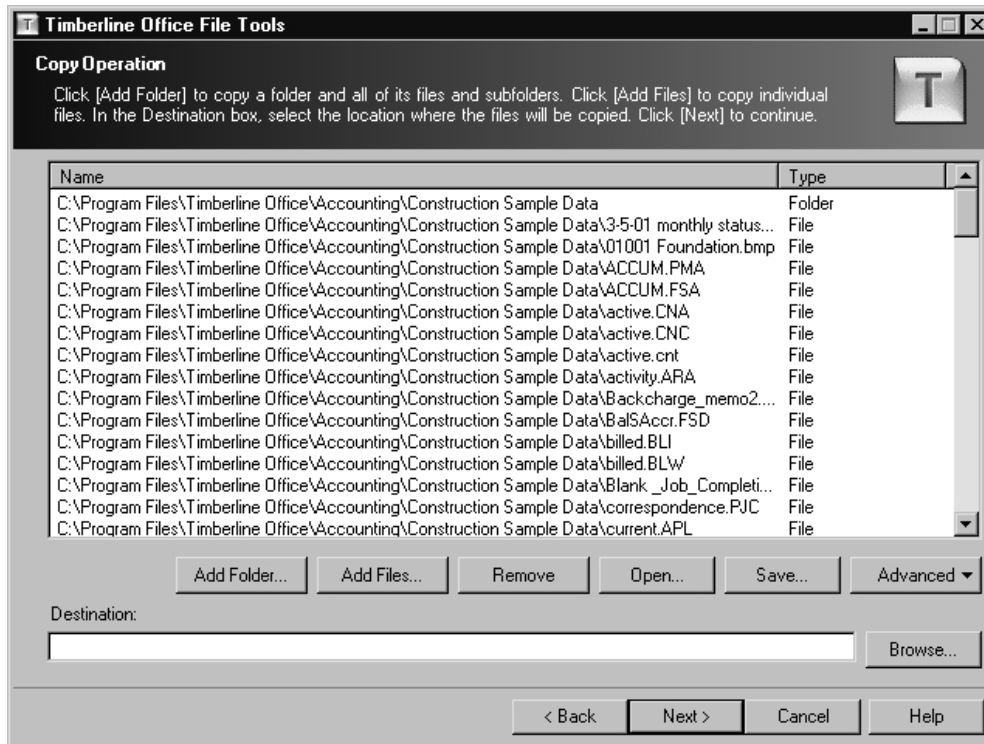
1   To copy your entire data folder, click [**Add Folder]** then select the folder that contains the files to be copied. Use the down arrow at the right to open a list of available drives and folders. You can then navigate to a higher folder on the same drive or change the search to another drive by selecting the applicable drive or folder. You can navigate one level upward by clicking the folder icon with the up arrow.

2   To copy individual files, click [**Add Files**] to open the list of files eligible for copying; then select the files to be copied by holding down the CTRL key and clicking each file to highlight it. To remove a highlight, click the file again. You can highlight all files by pressing the CTRL + A keys.

3   Enter the full path where files will be copied in the **Destination Folder:** field. Use the [**Browse**] button to help locate the destination folder.

4   Click [**Next**]. If any of the files being copied already exist in the destination location, a warning will appear for each one. Click one of the following options for each warning:

[**Yes**]—Overwrite this file whose name is shown in the warning.

[**Yes to All**]—Overwrite this file and any additional files that already exist and have duplicate names of those being copied. No more warnings will appear.

[**No**]—Do not overwrite; remove this file from the list to be copied.

[**No to All**]—Do not overwrite this file or any additional files that already exist and have duplicate names of those being copied. No more warnings will appear.

5   The next window to appear is the **Progress** window.

Copying to Disk Using File Tools

Follow the steps described previously in Copying Files Using File Tools with this addition: In Step 3, choose the appropriate disk drive as the destination folder.
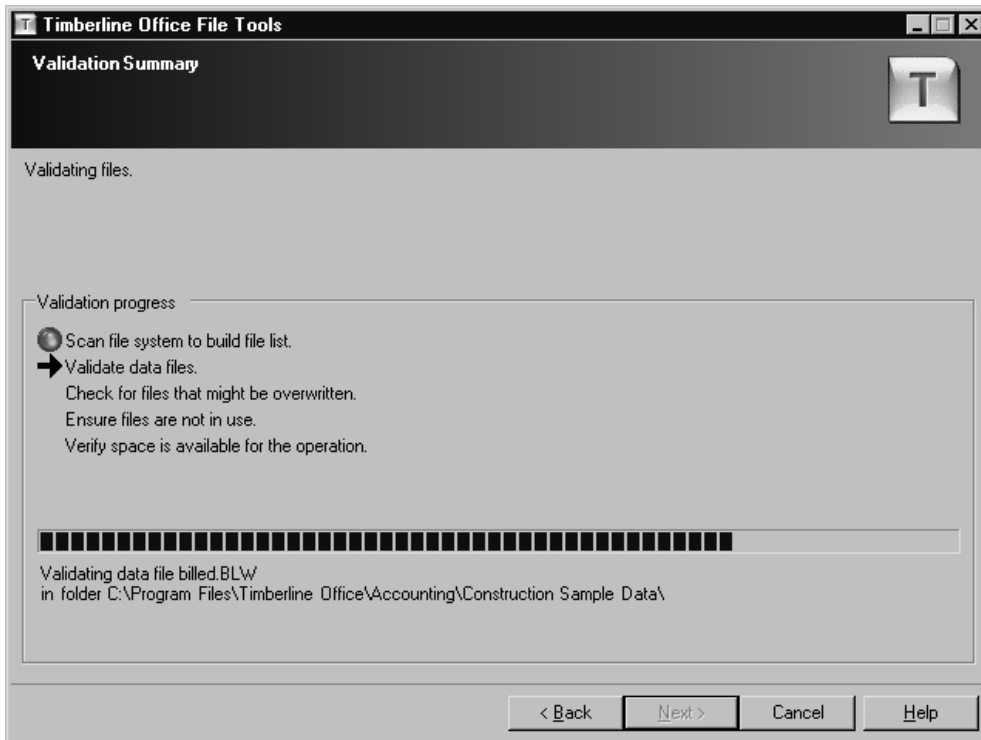
About the File Tools Progress Window

Use this window to confirm that the operation you have started is finished. Click one of the following options:

[**Back**]—Return to the previous operation window without completing the operation.

[**Start**]—Complete the operation selected. The progress appears in the bottom half of the window; then the **Finish** window appears.

[**Cancel**]—Cancel the operation and exit **File Tools**. If any previous operations were completed successfully before this one was cancelled, the results of those previous operations will remain in effect.

The following graphic is a sample. Your **Validation Summary** window will display different information. If the validation process finds issues that need to be resolved, the wizard will instruct you in how to fix them.

About the Finishing File Tools Window

Use this window to display the results of the operations performed during this session. These results are also written as a textual log file in the Sage Timberline Office program folder, **MISC** sub-folder. After viewing the results, click one of the following options:

[[**Save**]—Saves a text file copy of the operation journal to the selected location.

[[**Print**]—Prints a copy of the operation journal.

[**Finish**]— Exits **File Tools**.

The following graphic is a sample. Your **Operation Journal** window will display different information.