



## January 2013 Newsletter

### General Ledger: The Heart of Year End

All year long you have been posting Accounts Payable, Accounts Receivable, Payroll, Bank Reconciliation, Fixed Assets, Project Costing, Inventory, Manufacturing, etc. Posting these applications posts all the transactions to the General Ledger, which is the 'heart' of your accounting.

Now at year end you must reconcile everything to insure that no mistakes have been made in under or over stating your income, expenses, assets and liabilities.

Reconciling every General Ledger Account number on your Balance Sheet will insure that all transactions, all year have been correct.

Each checking, savings, money market, CD, etc account should be tied back to the source document (bank statements). Inventory Valuation is tied back to your GL Inventory account(s) for accuracy. Accounts Payable and Accounts Receivable Aged Trial Balance Subsidiary reports are tied back to your Accounts Payable, Accounts Receivable GL accounts at year end. All Fixed Asset additions or removals are accounted for and tied back to these GL balances. Any other Receivables not accounted for through Accounts Receivable are also reconciled. The same is true for any prepaid expenses, especially those that are entered as a pre-paid for the year and then expensed each month are tied back to the remaining amount that should be on the Balance Sheet.

On the liability side of your Balance Sheet, each Payroll Tax that is due is tied back to your 941, State, Local, SUTA, and FUTA filings for the year end. Sales tax is tied back to your Sales tax report for December. Also any deposits that you have taken from Customers or other sources are tied back to the actual amounts that are still due these customers.

All notes, and loans can be tied back to the statements for December from the loaning institutions to insure that the amounts listed are correct.

Payroll Wages can be tied back to the General Ledger by running the Earnings and Deductions Report for the year and looking at all the GL Wages accounts. This is also true for any employer tax or cost expenses such as Suta, Futa, Employer Medicare, and Employer Social Security.

You can rest assured that if all the General Ledger Account balances on your Balance Sheet tie back to the documentation for these accounts that you have correctly stated your Income/Loss for the year.

Retained Earnings is updated at year end when the Revenues and Expenses for the year are 'rolled' into it. You should never have any entries made to it except in January when you take any Owner Distributions back to it for the last year.

### 2013 TRAVERSE Customer Conference

If you're planning to join us for the 2013 Customer Excellence Conference, you should register by Feb 28th to lock in lower rates and to make room arrangements! The conference will be held May 8 - 9 at the Rio Hotel and Casino in Las Vegas. Visit our conference page to learn more about the conference, to sign up for early bird registration, and to learn how to reserve your room.

To learn more visit this link: <http://www.osas.com/content.asp?ID=NZG8KDWX7Y&AID=4IH84M0R69>

Call or email us with questions, or if you would like us to take care of the registration for you.



## Invalid GL Accounts

Over time, through migrations, and with the ability to make General Ledger Account Numbers inactive there become places within your software that a General Ledger Account number that is being used is 'invalid'.

To find out if you have any invalid General Ledger Account numbers within your accounting system you can go to System Manager, System Audit, Invalid GL accounts. You can select one application at a time or all applications and it will list for you everywhere in your system that you have an invalid General Ledger Account number.

There are some situations in which these invalid General Ledger accounts numbers are Ok such as Accounts Payable History tables. If the accounts are in History tables they are not actively being used except in reports and Interactive Views so these are OK. Also if you have an invalid General Ledger Account number set up in the Vendor File itself that is also OK because you have the ability to change it upon transaction entry.

It is recommended that you occasionally run this Audit Report to insure you wont have unexpected errors in trying to post when an invalid account has been accidentally used.

## Windows 8

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Microsoft has recently released Windows 8 and Windows Server 2012.

TRAVERSE 11 and 10.5 server components have been tested and are supported on both the Standard and Datacenter editions of Windows Server 2012, and the TRAVERSE 11 and 10.5 client is supported on Windows 8, Windows 8 Pro, and Windows 8 Enterprise.

Windows 8 includes many major user interface changes, including the removal of the START button. **We currently are NOT recommending adoption of Windows 8** in a business environment. We recommend that you continue to purchase Windows 7 PCs and laptops, and stay on the sidelines for this year.

However, if you are considering tablet or touch screen computers, this is a good place to experiment with Windows 8.



## Year End Tax Updates

By now you should have been updated with the new tax updates, if you are not certain please contact us. With the year end update the Social Security rate for the employee has reverted back to 6.2 from 4.2 which it has been for more than a year. .

Remember though that if you are using Company Specific State Unemployment tables the year end update has done nothing to these tables and if your limit increased like it did in Kentucky (to \$9,300) and North Carolina (to \$20,900) you will manually need to change them. We can assist with these changes as needed.

## Keeping A Clean Aged Trial Balance

Unless you have a reason or need to be able to go back to various periods of 2012 or earlier to run Aged Trial Balances in both Accounts Payable and Accounts Receivable that match your General Ledger Account numbers for these subsidiary files, I recommend that you PURGE your 'Paid' invoices before 01/01/13.

This should be done exactly at year end before you begin processing anything for Accounts Payable or Accounts Receivable for the year 2013.

The reason for this is that it will leave only those 'unpaid' or 'partially paid' invoices in your Open Invoice file. Now as these invoices are paid do not purge again until you have passed your year end information onto your CPA or Auditor for year end.

There are many reasons you may need to NOT purge these paid invoices, such as needing to go back and run subsidiary files for previous months or years, but, generally if you only need these subsidiaries to match your General Ledger at year end it is best to just keep these files cleaned out.

## Posting To The Wrong Year

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While both TRAVERSE and OSAS allow posting to the proper year in many applications based upon the Fiscal Period and Year it is still possible to accidentally post transactions to the wrong year or to enter General Ledger Transactions to the wrong year.

One way to prevent posting to the wrong year or period would be to close all periods so that posting can not happen to the wrong period in the wrong year.

Should this still happen because periods were not closed you can correct Accounts Payable Check Posting to the wrong year by VOIDING the checks back to the wrong year and then while in Hold/Release Pre-pay these checks with the correct check number and date so that it will properly post to the correct year.

Accounts Payable or Purchase Order Transactions posted to the wrong year can be reversed by entering a Miscellaneous Debit Memo, or a Return to the wrong year and re-entering the information to the correct year.

General Ledger Transactions made to the incorrect year will need to be reversed exactly as entered in the incorrect year and then re-entered to the correct year.

Accounts Receivable/Sales Order entries made to the wrong year will like wise need to have a credit memo done to the incorrect year, either using the same invoice number on the Credit Memo or entering the Original Invoice Number in the field on the Credit memo. Then re-enter the invoices to the proper fiscal period and year.

Inventory, because of the valuation report and physical inventory updates should also be reversed out in the incorrect year and entered into the correct year.

Bank Reconciliation entries posted to the wrong year can be reversed by placing a "-" in front of the amount for the incorrect year and then re-entering it to the correct year.

