

News From

A Publication for GMS Accounting and Revolving Loan System Clients

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Volume 14, No. 9

September 2002

Time to Order W2, 1099 and 1098 Forms

Can you believe it? Cold weather, holiday activities and the IRS deadline for submitting W2, 1099, and 1098 information will be here before you know it. The time to order these forms is fast approaching. As in the past, GMS will do its best to ease the strain that this time of year can cause in your fiscal department.

In order to assist our clients, GMS will offer the following three services we hope your agency will take advantage of.

W2, 1099 and 1098 forms will be offered to clients for prices lower than if purchased directly from distributors. GMS orders the forms in bulk so we can offer our clients forms that assure compatibility with our software and lower prices.

Reminder: When comparing prices with other vendors, factor in the cost for envelopes and W3 and/or

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Things To Do This Month

- Run End of Quarter Payroll Processing after the last paycheck issued in September
- Set up an appointment for on/off site year end closeout assistance, if desired for agencies with a September 30 fiscal year or consider acquiring supplement #398 Year End Closing Entries, which may be an alternative to GMS assistance
- Agencies who use the Local and/or State Tax Analysis, clear the quarter after the last paycheck is issued in September.

For agencies whose fiscal years begin in October, it is not too late to order the Windows version of accounting. To order, go to gms@gmsactg.com and click on Windows accounting upgrade.

Windows Working Accounting Demo

Many of you who attended the GMS Annual Conference this past May, requested a copy of the database used at our conference to install on your computers and use it to help with the decision to upgrade to the windows version of accounting this year. Because of the fact we have been making many changes to the program and to several of the queries, we have decided to wait until the revision that we are planning on sending to current windows clients on September 13, 2002 is done and sent to them. We will then put the conference data into the database and try to have a working demo ready with written instructions on installation by the middle of October.

We really want to apologize for not being able to do this earlier, but with all of the changes being made, you will be much happier to get the newer version. The only supplements that will be installed on this working demo are Accounts Receivable and Fixed Assets. You will be given written installation instructions, but if you request GMS staff assistance for installing it, it will be billed at \$75.00 per hour.

In This Issue: Windows Software Things You Should Know... Capitalizing Accrued Int.

Capitalizing Accrued Interest

First of all, it's important to understand what "capitalizing" accrued interest means. Basically it is determining how much interest has accrued on a loan, and then adding that interest to the loan principal to create a new, higher balance. Once added to the principal balance, future interest will be calculated on the original loan balance plus any capitalized interest.

This process can be especially useful when a loan has become delinquent and a work-out is being negotiated. It can also be an option when a loan is being restructured, or a loan is being purchased by a second borrower. Before editing loan documents or GMS-RLSS records to capitalize interest, we recommend you discuss this process with your auditor or attorney. GMS can help you with the steps needed to proceed, but only your agency can determine if it is a viable option for your lending program.

Once it has been decided to capitalize the interest, take the following steps:

1) Determine the amount of interest to be capitalized: Accrued interest will be a combination of any accrued interest currently in the loan history, plus any interest that has accrued since the last transaction was posted. Print the loan history and review "loan totals" to see if there is any accrued interest already in the history.

Loan Payoff supplement is a quick and easy way to determine interest due. Enter the date of the new loan agreement as the payoff date. The amount reflected in "accrued interest (past due)" should match the accrued interest from the loan history, and "accrued interest (additional)" will show any interest that has accrued since the last transaction. Adding the two figures together will tell you how much interest is due on the loan as of the payoff, or new loan agreement date.

2) Posting accrued interest to the loan history:

If the loan profile indicates (D)aily interest, use Process Loan Transactions to enter a zero repayment. Enter the date of the new agreement as the transaction date and paid-through date. Use transaction type (R)epayment, and enter zero in cash amount. You will see a positive number appear in "accrued interest" which is the amount of interest that has accrued since the last transaction. If you used the same date for "payoff date" in step #1 above and "transaction date" in step #2, the calculated interest on screen should match the "accrued interest (additional)" listed on the loan payoff.

If the loan profile indicates (A)mortized interest, use Process Loan Transactions, (A)djustments, to enter a zero repayment. Use the date of the new agreement for the

transaction date and paid-through date. Transaction type should be (R)epayment, and cash amount zero. Under "accrued interest" enter the amount to be capitalized. In most cases, it will match the figure on the loan payoff under "accrued interest (additional)". Enter the same number in the "interest" field.

In either case, review the transaction carefully before recording. If you use escrow accounts or penalties, and numbers appear automatically in these fields, edit them to zero before recording the transaction. The transaction calculations should have no impact on "principal" or "new balance". Recording the transaction will add the accrued interest as entered to any accrued interest already in the loan history.

If for any reason the amount of interest to be capitalized is less than the accrued interest determined in step #1 (possibly a negotiation point with the borrower) you can follow step #2 (A)mortized loans and enter the appropriate amount in "accrued interest" field. Be sure to enter the number in both the "accrued interest" field and the "interest" field. In either situation, the transaction should have no effect on the loan balance.

3) Capitalizing the accrued interest: Review the loan history after the above transaction has been entered to determine if the amount in "accrued interest" matches the amount you wish to capitalize. Use Process Loan Transactions, (A)djustments to again enter a zero repayment. Use the date of the new agreement for both the transaction date and the paid-through date. Enter the transaction type as (R)epayment, and cash amount of zero. Enter the total accrued interest to be capitalized as a negative number in the "accrued interest field". When you tap enter, this number should also appear under "principal", effectively increasing the loan balance. Use the "notes" section to document why the transaction is being posted, and record the transaction.

From this point forward, interest will be calculated based on the revised balance. If all three steps were done correctly, reviewing the loan history again should verify a zero balance in "accrued interest".

Edit the profile if necessary, with any revised terms, such as payment amount or repayment (maturity) date. If the loan is (A)mortized, you may want to print a new amortization schedule based on the revised loan balance and any altered payment terms.

Duct tape is like the Force...

It has a light side & a dark side, and it holds the universe together



1096 transmittals as GMS prices include these items at no additional cost to you.

GMS will print W2, 1099 and 1098 forms for agencies who feel uncomfortable doing this on their own or who do not have adequate printers. However, with the types of forms offered again this year, it allows more agencies to print their own W2's. This service is available to both DOS clients and Windows clients.

Agencies required to submit W2, or 1099 information to IRS/SSA using magnetic media may arrange for GMS to prepare diskettes in the required IRS format. You can also prepare your own diskettes by using Supplement #400 W2 Magnetic Media Reporting, or Supplement #401 1099 Magnetic Media Reporting.

Please note that all forms offered this year come with window envelopes like last year's forms. We found that the extra time it takes to stuff the envelopes is worth it compared to the problems associated with self mailers. Many clients who have run self-mailer forms in the past had numerous complaints from employees that the copies were smeared and unreadable.

Following is information about W2, 1099 and 1098 Forms that we will offer this year:

W2 Forms

Dot Matrix W2 Forms

Identical to last year's "twin sets" style they have separated the carbonless 6 part one-wide form to make two carbonless 3 part sets collated so the employer's and employee's forms are separated. An employer set and a separate employee set are run through the printer in two passes. This design enables the form to run on printers with limited carriage width, and when legibility through 5 or more plies is a problem. The non-mailer employee set is easily inserted into a double window W-2 envelope and mailed to the employee.

The single-wide, carbonless employee set includes Copy B to be filed with employee's federal tax return, Copy C for employee's file, and Copy 2 to be filed with employee's state, city or local income tax return.

The single-wide, carbonless employer set includes Copy A for Social Security Administration, Copy 1 for State, City or Local Tax Department, and Copy D for employer.

For cities in states that require 8 part W2's, we will have the 4 part "Twin Sets" available. These will include an additional Copy 1 for State, City or Local Tax Department and Copy 2 for employee's state, city or local income tax. We will automatically send the 4 part sets to all clients who order

the dot matrix W2's from the states of Alabama, Delaware, Kentucky, Michigan, Missouri, Ohio and Pennsylvania.

Laser W2 Forms

The laser form we will offer is a 6-part form identical to last year's style. The 2 up Laser W2 contains filing information for two employees. (1 sheet = 2 forms). These forms are run through the printer one part at a time. These forms are compatible for those agencies with 250 or less employees who must submit the Federal IRS Copy A to the Social Security Administration. Envelopes are also included with laser form orders.

1099 Forms

Dot matrix 1099 forms

The dot matrix version is a single-wide 4-part carbonless form which comes with window envelopes. The 1099 includes 4 forms - Copy A for IRS, Copy 1 for State Tax Department, Copy C for payer, and Copy B for recipient in the mailer. Since they are carbonless and do not include a self-mailer, this version should eliminate the smearing problem encountered in previous years.

Laser 1099 forms

The laser form that we will offer includes 4 forms just like the dot matrix version, including window envelopes with each order. These forms are also compatible with standard laser print programs.

1098 Mortgage Interest Statement Forms

Dot Matrix 1098 forms

The dot matrix 1098 form we will offer is a 3-part carbonless form including window envelopes with each order. The 1098 includes Copy A for the Internal Revenue Service, Copy B for payer and Copy C for recipient or State.

Laser 1098 forms

Identical to last year, we are offering a laser 1098 form which includes 3 forms just like the dot matrix version, including window envelopes with each order.

We suggest that you order twice the number of forms you need as a precaution in the event of printer malfunctions or data errors.

Arranging for GMS to Print W2s, 1099s, and 1098s

A number of agencies have experienced printer problems when printing W2, 1099 and 1098 forms because of the thickness of these documents. However, with the style of forms being offered again this year, many agencies will be able to print their own forms that haven't been able to in the past. GMS will still make this service available to all clients.

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Turn around time is routinely 2-3 days in the GMS office. Printed forms will be shipped via the service specified on the transmittal form. You may send your files to GMS using email to sara4gms@gmsactg.com

W2 and 1099 Diskettes

Magnetic media submission is required for organizations submitting 250 or more W2 or 1099 forms. GMS provides this service for a fee for any client requesting it. It does not matter whether we print your forms. Supplements #400 and #401 are available to prepare W2 and 1099 diskettes.

1098 Forms

Supplement #804 RLSS 1098's is available for those agencies who wish to print their own 1098's. It also allows creation of disc GMS requires to print forms for you.

Placing your Order

Orders may be placed using the order form included with this newsletter or you may do so using the Modem Mailbox or order on-line at www.gmsactg.com. All orders must be placed by October 31st to avoid an additional price increase of 10%. **Please note: If GMS is printing your forms or preparing a diskette, your order must still be placed by October 31st to guarantee form availability.**

Should you have any questions or need further assistance, please do not hesitate to contact the GMS office at (800) 933-3501 ext. 1.

2002 Annual Conference to be held at Snowbird, Utah

Make plans now to attend the 18th Annual GMS Financial Management Conference to be held May 18-23 at the Snowbird Resort outside of Salt Lake City, Utah.

In the next few months we will be letting you know more about the city, the resort, the agenda. This will be the year for those of you who are interested in the new Windows version of both the Accounting and the RLSS to make sure you attend. The training will be available for both systems as well as for those who have staff turnover on the DOS and choose to stay with it for another year.

The resort is beautiful and will be in full spring bloom. A refreshing true alpine mountain resort, only 29 miles from the Salt Lake City Airport, amenities include a 28,000 square foot world class Spa with health club and roof top pool, fantastic food, hiking and Salt Lake City is not far away for sightseeing. These are just a few of the opportunities available. Look for more information coming in the future.... curious about Snowbird? Take a look at www.snowbird.com!

Windows Software - Things You Should Know...

- ☑ Monthly bases for all cost allocation pools will not be available until July of 2003. When they are available, if you choose to use a monthly base for one pool, you would have to use monthly bases for all cost allocation pools you use. This is because in a database environment, everything is date sensitive. Very few GMS clients have ever used a monthly base since it is normally not the most equitable allocation method.
- ☑ Some of you may not be aware that when you are displaying a report, the binoculars at the top of your screen can be used as a search function. For example, you can put a check number in and it will bring you to that check number, or you can put a vendor name in and it will find the first place it finds that vendor.
- ☑ In the Transaction Code listing, voided checks are not listed as debits in the cash account and credits in the accounts payable account. In DOS, we used to show them as negative credits in the cash account and negative debits in the accounts payable account. In windows, the data is stored in tables which either puts it in the debit column or credit column.
- ☑ In Accounts Payable under manual checks, the posting period is taken from current period in Tools, Organization, Organizational Info. At the present time you can't change it from the manual check form. Remember, if you have not clicked on the Month End Closing menu item for July so the date changes to a August date, and you are entering manual checks for August, you must change it to 08/31/02 in Organizational Info before entering.
- ☑ Five of the cost allocation supplements will be included on the revision that is going out on September 13, 2002. Those supplements include (1) Supplement #387 Service Unit Allocation, (2) Supplement #381 Special Allocations/Internal Base, (3) Supplement #392 Monthly Cost Center Allocations, (4) Supplement #403 Dual Indirect Pool, and (5) Supplement #389 Cost Allocation Locks.
- ☑ In the September 13, 2002 revision, we are moving the Month End Closing menu item to the bottom of the Financial Reporting Menu, since that menu item should not be run until all the financial reports have been run, proofed and filed. This menu item performs two steps: (1) It changes the current period date in Organization Info to the next month and (2) Makes a copy of the table storing Year to Date Cost Allocation Summary information and puts into another table. This allows you to receive correct current month information on your revenue and expenditure reports.