

# News From



A Publication for GMS Accounting and Revolving Loan System Clients

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## ***Tax Form Season is Upon Us***

For those of you who have ordered your 2005 tax forms from GMS, we thank you for your order and encourage you to check your order confirmations to ensure that all the proper forms and services ordered from GMS are correct. The appropriate W2, 1099 and 1098 software revisions will be sent with the December 2005 GMS software revisions. GMS will begin shipping forms the last week in November, so that you can expect to receive your forms via UPS beginning the first week in December.

For clients who have requested GMS to print their forms for them, the normal turn around time is one week once we have received your completed diskette(s) or files via email. Windows clients who have requested GMS to print their forms for them will zip up their database and email it in. Remember, if you have requested GMS to print 1099 or 1098 forms, you must use Supplement #330 Complete 1099's or Supplement #804 RLSS 1098's to prepare the diskette you send to GMS.

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The GMS Supplement Catalog for Windows software is on our website at [www.gmsactg.com](http://www.gmsactg.com) in pdf format. Print a copy for yourself or just review the supplements that are available. The easy access to the catalog assures you of the most up-to-date information on supplements.

The GMS offices will be closed Thursday, November 24th and Friday November 25th in observance of the Thanksgiving Holiday! We wish the best holiday season to you and your families.

## ***Filing Requirements for W2 Magnetic Media to States***

We were contacted by a couple of clients in Mississippi who had received letters from the State Tax Commission in Mississippi. The letters stated that they had received the 2004 W-2's from the companies in paper form. The requirements for filing Mississippi 2004 W2's require that, if there are 100 or more W2's, magnetic media must be filed. These clients needed to resubmit their W2's to the state on magnetic media by a certain date or they would be subject to penalties in the amount of \$5.00 per paper W2.

In Supplement #400 W2 Magnetic Media Reporting, the W2Report file that is formed is in a mmref-1 file format and contains the RS record. In Mississippi, this file format is accepted and would just have to be submitted to the state. Most other states that we are aware of also accept the mmref-1 format that contains the RS record.

Before submitting paper copies of the 2005 W2's to your state, make sure you know the number of W2's allowed to be submitted by paper copy. You can always order the supplement if you don't presently have it to prepare this file. Also make sure you know the magnetic media filing requirements for 1099's to states. Place your order from our website at [www.gmsactg.com](http://www.gmsactg.com), click on Service calls or email [service4gms@gmsactg.com](mailto:service4gms@gmsactg.com) to request the supplement.

***In This Issue: ...GMS Staff Meeting Schedule...RLSS Interest Calculations...***

## ***Service Policy during GMS Staff Meeting***

The GMS annual staff meeting will be held on November 20-22, 2005. From 9:00 am to 5:00 pm EST on November 21st and from 9:00 am to 12:00 pm EST on November 22nd, we will check the service call voice mail and email every two hours and return emergency calls ONLY. One service staff will be available from 1:00 pm - 5:00 pm EST on November 22nd since all other GMS staff will be traveling. **Service calls sent in by fax will not be responded to until Wednesday.** For emergency calls, you should call the toll free number and leave a message or send an email. There will NOT be service available after 5:00 pm EST during those two days. If calls can be returned on Wednesday, November 23rd or the following week, please specify so when placing your service call.

There will be no service staff monitoring the Service Chat Room on Monday or Tuesday of that week. We will be discussing our client service during the staff meeting, so if you have suggestions or ideas on how we can improve service, please contact any member of the GMS Service Staff.

We hope that this two day temporary change in service does not inconvenience your agency greatly. We will resume our normal service hours on Wednesday, November 23, 2005.

GMS Service Call Numbers:

Voice Mail: 800/933-3501

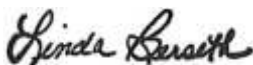
Fax: 301/933-3502

Email: [service4gms@gmsactg.com](mailto:service4gms@gmsactg.com)

### **Dear Friends,**

Later this month, the GMS Staff will join together in Cleveland, Ohio to hold our annual staff meeting. At this meeting we will be reviewing all of the suggestions we have received this year and will be establishing our 2006 work programs for both the accounting and revolving loan systems. We will also be finalizing the agenda for next year's annual conference, discussing our service policies and procedures and going over any administrative matters required. We value the input we receive from our clients and appreciate the suggestions we receive. If you have additional comments to make on any of the above topics, please send an email to [service4gms@gmsactg.com](mailto:service4gms@gmsactg.com), attention Linda.

Sincerely,



President/CEO

## ***Client Information Update Now Available on Website***

Last month, we included a Client Information Update form with the newsletter and asked that it be filled out and faxed to the GMS office in Maryland. If you have not done that yet, we have now also added it to our website at [www.gmsactg.com](http://www.gmsactg.com). You will see a new menu item on our home page titled "Client Information Update - New". If you go in to that menu item you can fill out all of your Client Information and submit it. We will receive in the form of an email and can then update our client system. We'd like you to always update GMS with any client information as it changes, but since we are in the implementation stages of a new client system, we would like everyone to get their most recent client information to us. Your cooperation in this matter is greatly appreciated.

## ***GMS DOS Programs Presently Being Used***

As a reminder to GMS clients who are using any GMS DOS program, we are canceling all contracts effective December 31, 2007. This includes all contracts for License/Warranty and Service/Support. We originally released this cancellation date in May, 2005 to allow ample time for GMS clients to prepare for upgrading to the Windows version. Also, it would allow clients who are using DOS programs other than accounting and RLSS to find windows software that can give them the required information they need. Some examples of these DOS programs are HEAP, Section 8, Aging, transportation, etc. With the unknown results of future hardware technology upgrades and operating systems, you want to make sure you upgrade before all of your hardware, particularly computers and printers, are incapable of supporting DOS applications.

If you are still using the DOS Accounting System, when trying to decide which fiscal year you plan on doing the conversion, you will want to make sure that your DOS directory can be closed out and audit completed before December 31, 2007. If you have any questions regarding canceling the DOS contracts, please send an email to [service4gms@gmsactg.com](mailto:service4gms@gmsactg.com), attn. Linda.

Plan now to attend the  
21st Annual Financial Management  
Conference May 21-26, 2006 in  
St. Pete Beach, FL

The December mailing from GMS will also include all software and instructions for those clients who have requested that GMS prepare the IRS Magnetic Media for their agency. Most orders will be shipped via UPS unless otherwise specified, and the shipping fee will be applied to the total of your tax form order. UPS delivery usually ranges from 3-5 days.

It is not too late to order your tax forms. GMS will accept all tax form orders up until December 1, 2005, however, a 10% late fee will be applied to all orders received after October 31, 2005. If you have questions please call the GMS office at ext. 1.

### ***For January 1 Fiscal Year GMS Clients...***

For GMS clients who are converting to the Windows version of accounting system as of January 1, we will be doing the conversions and installations during the first two weeks in December, 2005. Since there will be no year-to-date payroll or vendor 1099 information to be converted, the timing of doing these conversions is basically irrelevant. This will also give you more time to get your chart of accounts and budgets entered prior to January 1. This should take a lot of the pressure off of your staff and the GMS staff around the holiday season. However, your leave balances will have to be revised to reflect the correct balance as of the last paycheck issued in December. To help us plan our staff schedules, if you are planning to upgrade as of January 1, please get your order submitted through our web site at [www.gmsactg.com](http://www.gmsactg.com).

### ***Supplement #405 Accounts Payable Direct Deposit Could Save Money and Time***

Use the Accounts Payable Direct Deposit for those vendors who have given authorization to deposit directly into their bank account. It could save you the time in stuffing the envelopes if you can get authorization from most of your vendors. It works just like the Payroll Direct Deposit supplement that many GMS clients presently use.

Once the supplement is installed, the setup is very easy. You enter the vendor's bank account and routing number in their master file. The agency information is set up under Tools, Organization and AP Direct Deposit. Here you can designate if you want pre-noted vendors to automatically be switched to live after one check has been issued to them. However, if you don't think you will get a confirmation from all banks requiring the pre-note process prior to running the next accounts payable process, you would not want to designate the automatic updating. Once they are approved by the bank through the pre-noting process, you can change their direct deposit status to active in the vendor master file and no more checks will be written for those vendors. Accounts payable processing and related reports remain basically the same, plus a file is formed for transmittal to the bank. Optional check stubs may be printed for direct deposit vendors if desired. The General Ledger and other reports that document check numbers will be referenced as DD and the negative record number.

#### ***Costs:***

	<u>Purchase Price</u>	<u>Annual License/Maintenance</u>
1-2 Users	\$ 800.00	\$120.00
3-4 Users	\$1,100.00	\$165.00
5+ Users	\$1,200.00	\$180.00

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### ***Is There A Shortcut to Finding Codes When Using Combo Boxes?***

**Question:** Sometimes when I'm using a combo box when entering vouchers, it takes forever to scroll down to the GL code I'm looking for. Is there a better way?

**Answer:** Yes, there is a faster way. We'll illustrate how with an example.

Let's say you're filling out a voucher and you get to the GL code field. The combo box includes dozens of codes listed numerically for you to choose from. If you are coding to an asset account, it's fairly quick to just scroll down since the list starts with the 10000 asset codes. But what if you are coding to an expense code, you'd have to scroll down through lots of codes to get to the 50000 or 60000 GL codes.

Here's a quicker way. When you get to a combo box, type in the first number of the GL code you're looking for. You'll find that all codes beginning with that number start popping up in the box. So, for the example above, simply type in the number "5" and GL codes starting with "5" will come up. No more scrolling through lots of codes!

## ***How is the Interest Portion of RLSS Repayments Calculated?***

Within the loan master file, there is a very important field titled "Interest Calculation", which is the key to all transactions posted to the loan. There are two acceptable selections of interest calculation: daily and amortized. Your agency's lending policies usually dictate which method will be used, and it can vary from loan to loan.

Other fields within the master file that will impact interest calculations are "Interest Rate" and "Payments per Year". In most situations, loans are scheduled for monthly payments, so that is what we'll be using for examples.

Each repayment will be calculated based on the data which is in the above mentioned fields at the time the repayment is posted. Although the loan master file can be edited with revised terms, it will only affect activities posted after the editing takes place.

**Amortized loans** use a fairly simple method for calculating the interest portion of each posted payment. The formula to calculate the interest portion of a payment for amortized loans is: the loan balance multiplied by the annual interest rate, then divided by the number of payments scheduled to be made in a year.

Ex: Loan Balance		\$ 15,542.97
(x) Interest rate of 4.5%	x	.045
(/) Payments per year	/	12
(=) Interest portion of payment \$		58.29

When a loan is established as amortized, the actual date the payment is received is not important to the interest calculations. The same amount of interest is taken from the payment regardless of whether it was made on time or was several months past due. However, it is advisable that the date the payment was actually received be entered as the transaction or activity date so the loan history may be reviewed for payment timeliness.

Because a loan set as amortized will distribute one month's interest to each payment posted, each payment should be posted independently. This means that if the borrower makes two or more payments at the same time, post them separately as individual payments. The activity date will be the same for each posting, because they were received on the same day.

**Daily Interest Loans** are a little more complex. The formula to calculate the interest portion of a payment for daily interest loans is: the loan balance multiplied by the annual interest rate and divided by either 360 or 365 days (see below) to determine a daily interest amount. That amount is then multiplied by the days that have elapsed (passed) since the last activity was posted. In the example below, assume a payment

was received on June 15, and the next payment was received on July 30. Forty-five days have elapsed between transactions.

Ex: Loan Balance		\$ 15,542.97
(x) Interest rate of 4.5%	x	.045
(/) 365 days (see below)	/	365
(x) Days elapsed since last trans	x	45
(=) Interest portion of payment \$		86.23

You can immediately see the interest portion of the payment will be higher if the loan is set for daily interest and the days between transactions is greater than 30. Likewise, if a payment is received early (less than 30 days from last activity) the interest portion will be less than if the loan were amortized.

Ex: Loan Balance		\$15,542.97
(x) Interest rate of 4.5%	x	.045
(/) 365 days (see below)	/	365
(x) Days elapsed since last trans	x	20
(=) Interest portion of payment \$		38.33

Daily interest is the industry standard because it collects less interest when payments are early and more interest when payments are late. If possible, GMS recommends loans be established as daily. However, we advise checking with your auditor or legal advisor before switching from amortized to daily. State laws and loan documents will often mandate the method used.

**360 or 365 Days per Year Setup:** Daily interest loans can be calculated on either 360 or 365 days per year. If you are using GMS-RLSS DOS, the selection is made by entering J from the Main Menu, and then selecting menu item #8, 360/365 interest days calculations. If your portfolio has some loans at 360 days and others at 365, RLSS supplement #824 360/365 Days Option will allow formulas and computations to vary from loan to loan. GMS-RLSS Windows requires each loan be individualized through the master file, eliminating the need for an additional supplement if the formula varies from loan to loan. Again, we advise consulting with an auditor or attorney before editing.

**Accrued Interest** may become a part of transactions when multiple disbursements are posted to a loan, or payments are of an inadequate amount to cover the interest due. When this occurs, the activity screen will display a positive number in the "accrued interest" field. This accrued interest becomes a part of the loan history, basically reflecting interest past due as of the most recent transaction. Assuming future payments are timely, the screen will display negative numbers under "accrued interest" meaning the delinquent interest is being collected.

When any repayment is posted, current interest is collected first, then any applicable automatic fees or escrows, and then any outstanding accrued interest. If the payment is of an adequate amount to cover these items, the balance of the payment is then applied to the principal portion of the loan, thus reducing the loan balance.