

News From



A Publication for GMS Accounting and Revolving Loan System Clients

GMS, Inc. • 10559 Metropolitan Ave., Kensington, MD 20895 • (800)933-3501 • Fax (301) 933-3502 • www.gmsactg.com

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Have You Installed Your 2006 Tax Changes Yet?

The Windows and DOS 2006 tax changes were posted on the GMS Web site in December. The Windows FICA maximum change was posted in January, which also includes all the tax changes originally posted in December. All clients were emailed instructions on how to download the tax changes from the web site and install the tax changes.

If you are unsure if the 2006 tax changes have been installed, do the following:

G For Windows clients, go to Payroll, Quarterly and select Quarterly Reporting Register. If wages subject to social security has 94200.00, then the 2006 tax changes have been installed.

G For DOS clients, if your fiscal year began January 1, 2006, be sure you are in your new year directory.

Go to the Supplement menu and hit the F2 key.

(type) LOAD "GMSPRUP2 (tap enter)

(type) LIST 11000 (tap enter)

- If it says 11000 'FICA 1/06, you have installed the 2006 tax changes. Just hit the F2 key and proceed with business as normal.
- If it does not have the 1/06 date, you need to install the 2006 tax revisions now.

Go to your web browser, i.e. Internet Explorer. In the web browser address field (Internet Explorer) type: www.gmsactg.com/downloads.php and tap enter.

G For Windows clients, you need to click on AccountingWindowsJan06.exe. Follow the instructions in the January 20, 2006 memo that was emailed to you.

G For DOS clients, you need to click on AccountingDOSDecember05.ZIP. Follow the instructions in the December 21, 2005 memo that was emailed to you.

Welcome New Users

Accounting Systems

Northwest Community Action Partnership - Chadron, NE

Darrel Knote, ED

Kari Gaswick, Dir. of Finance

Montachusett Regional Planning Comm. - Fitchburg, MA

Laila Michaud, FD

Nancy Belliveau, Fiscal Mgr.

Missouri Boothell Regional Consortium - Sikeston, MO

Cynthia Dean, CEO

Cheri Holden, FD

Human Develop. Corp of Metro St. Louis - St. Louis, MO

Ruth Smith, ED

Dan Todd, MIS Mgr.

Windows 98, Windows 98 Second Edition, and Windows Millennium Support Extended

According to a link on Microsoft's Website, the following announcement was recently released. For further information regarding this update, go to www.support.microsoft.com/gp/lifean1.

Microsoft is pleased to announce a clarification in our extended security update support for Windows 98, Windows 98 Second Edition, and Windows Millennium (Me) Editions for critical security issues. As part of this extended support, Microsoft will provide information about whether critical issues affect these operating systems. Microsoft will provide security updates on the operating systems that are affected and the severity rating is critical.

Key Dates:

- Paid incident support for Windows 98, Windows 98 Second Edition, and Windows Millennium Edition (Me) is available through June 30, 2006.

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Windows 98...
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- Critical security updates will be provided on the [Windows Update](#) site through June 30, 2006.
- Customers may request non-critical security fixes for Windows 98, Windows 98 Second Edition, Windows Me, and the most current version of their components until June 30, 2006 through typical assisted-support channels.
- Windows 98, Windows 98 Second Edition, and Windows Me downloads for existing security issues will continue to be available through regular assisted-support channels at no charge until June 30, 2006.
- No-charge incident support and extended hotfix support for Windows 98 and Windows 98 Second Edition ended on June 30, 2003.
- No-charge incident support and extended hotfix support for Windows Me ended on December 31, 2003.
- Online self-help support will be available until at least June 30, 2007.

Details:

Windows 98 and Windows 98 Second Edition support was scheduled to end on January 16, 2004. The continual evaluation of the Support Lifecycle policy revealed, however, that customers in the smaller and the emerging markets needed additional time to upgrade their product. Therefore, Microsoft will continue to support Windows 98, Windows 98 Second Edition, and Windows Me through June 30, 2006.

Critical security updates will be provided on the [Windows Update](#) site through June 30, 2006.

Microsoft will not publicly release non-critical security hotfixes for Windows 98, Windows 98 Second Edition, or Windows Millennium Edition. However, customers may request a non-critical security hotfix through On-Demand Security Hotfix support, which is offered for these products through June 30, 2006. When a request is received, Microsoft will investigate the issue and try to provide an appropriate response to the customer.

Reminder!

If you are planning to attend the GMS Annual Conference in May, You MUST have your hotel reservations in by APRIL 28 or earlier to guarantee a room at the designated rates.

DOS Software Program Backup Request

All GMS DOS users should make a program backup and submit it to our Maryland office no later than February 28. Additional program backups should be made for your files. For those agencies whose fiscal years begin in January, make the backup from your new directory.

Up-to-date program backups make it easy to assist you in getting your accounting and RLSS systems up and running properly should problems occur with your computer. If it is necessary for GMS to redo program revisions due to not having a recent program backup, we will charge \$75 per hour.

Program backups are generally requested in February and August. However, if program changes occur during the year, we strongly encourage you to make a new program backup at that time. Below are instructions for preparing program backups. If you need assistance, please contact our service staff.

1. Format at least 5 diskettes for each set of program backups. (2 for RLSS)
2. Go to the Main Menu of either your Accounting and Financial Management System, or GMS-RLSS system.
3. Choose #8. Backup Procedures, (#6 for GMS-RLSS) Then select #4. Program Backups (#3 for GMS-RLSS).
4. The automatic program backup will begin. Follow screen prompts.
5. Label each diskette with GMS Program Backup, your agency name, type of system (accounting or RLSS), client number, and current date. Number the diskettes in the order they are used during the backup - this helps us locate programs faster.
6. Mail diskettes to GMS, ATTENTION: BACKUPS.
7. Prepare a second set of program backups for your files - repeat steps 1-5.

Don't Forget - All contracts for License/warranty and support/maintenance will be terminated for all GMS DOS software applications as of December 31, 2007.

Ohio Quarterly Unemployment Magnetic Media

GMS was recently informed that the State of Ohio will only be accepting the Quarterly Unemployment magnetic media in an ICESA format effective June 30, 2006. This format is presently being used in our Windows accounting software and we will have it written in the DOS accounting software prior to June 30, 2006. It will be sent to all DOS Ohio clients who have Supplement #600 Ohio Weeks Worked/Quarterly Report.

RLSS: Writing-off Loans (Bad Debts)

There are several events that occur when a loan has become uncollectible. These events may occur in any order. They may happen all at once or over several months. The first event normally involves taking legal action with the assistance of an attorney. In the Loan Master file, the loan status is usually changed to Write-off. The date the loan is written-off is also entered. You should also take some time at this point to review the terms of the loan as reflected in the Master File. Should any of the terms of the loan be changed at this time? For example, will interest stop accruing? If so, change the interest rate to 0.0%.

When you are ready to bring the loan balance to zero, follow these steps:

- G Print a Loan Master file report including both Master File and Loan History to help determine what entries need to be made.
- G If there is accrued interest outstanding, enter an adjusting repayment with the activity date as the date the loan is being written off and the activity total as zero. Enter the accrued interest to be written off under "current interest" as a negative. Enter the same negative number under "accrued interest". All other fields should be blank. The net effect on "principal" should be zero.
- G Again using adjustments, enter a negative disbursement of the amount to be written off. If this is the loan balance, the result should be a new balance of zero. In order for the loan to be accurately reflected on reports, it is **very important** the activity date on this adjustment be the same as the write-off date entered in the Loan Master file.
- G The next major event is writing the loan off in the accounting records. You will need to adjust the balance of either Notes Receivable or Loans Disbursed, depending on the method used by your agency to account for revolving loan funds. Credit either Loans Disbursed or Notes Receivable, and debit either Loans

Written Off (an expense account) or Allowance for Bad Debts (a liability account).

- G If you are using the Journal Entry created by RLSS, it will need to be edited before posting to the accounting system. The Journal Entry will post the amount of the loan written off as a debit to cash, which will need to be changed to a debit to either Loans Written Off or Allowance for Bad Debts.

Should there be subsequent recovery of any of the amount written off, use Loan Activity to disburse the amount being recovered. Then use Loan Activity again to post the recovered funds as a repayment.

How To Handle W2 Corrections

Now that W2 processing is complete, you should know how to handle W2 corrections identified after you have filed your forms or diskette.

1. Use Form W-2c, Corrected Wage and Tax Statement to correct errors on previously filed Forms W-2. Send Form W-3c, Transmittal of Corrected Wage and Tax Statements, with Forms W-2c. File Form W-3c to correct a previously filed Form W-3.
2. If an employee loses or destroys copies, give your employee copies of Form W-2 marked "Reissued Statement". Do not send Copy A of the reissued statement to the Social Security Administration.
3. If a form is corrected before you file Copy A with the Social Security Administration, give the employee the corrected copies. Mark the original Copy A "Void" in the proper box and send the new Copy A to the Social Security Administration. Do not write "corrected" on the new Copy A.
4. If you filed a Form W-2 showing an incorrect address for the employee but all other information on Form W-2 is correct, **do not** file Form W-2c with the Social Security Administration merely to correct the address. However, if the address was incorrect on the Form W-2 furnished to the employee, **you must do one of the following:**
 - Issue a new Form W-2 containing all correct information, including the new address. Indicate "REISSUED STATEMENT" on the new copies. **Do not** send Copy A to the Social Security Administration.
 - Issue a Form W-2c to the employee showing the correct address in box f and all other correct information. **Do not** send Copy A to the Social Security Administration.
 - Mail the Form W-2 with the incorrect address to the employee in an envelope showing the correct address or otherwise deliver it to the employee.
5. If you filed via magnetic media, but need to make corrections, you may do so following the above instructions.

Need Assistance in Preparing Your Indirect Cost Plan?

If your agency would like assistance in preparing your Indirect Cost Plan, our field staff can be scheduled to come on-site to assist and train the accounting staff in preparing your plan. We usually estimate 2-3 days on-site to gather all the information and provide training. The plan is put together after GMS staff leaves your office. A draft plan is sent to your office for review. We will follow up with any changes requested and send a final copy to you for submission to your cognizant agency. When assistance in preparing an indirect plan is requested, a fixed-priced contract will be sent to your office. The cost for this service is \$3,500 for clients utilizing the GMS system, plus actual travel expenses.

Most agencies who have requested our assistance are preparing their first Indirect Cost Plan or making major revisions to their present plan. Our staff are trained to prepare the plans, so agencies actually save money rather than having their staff spend an enormous amount of time trying to put the first plan together.

If you are interested in receiving assistance in preparing your Indirect Cost Plan, contact Sandy West at the GMS office in Maryland (1-800-933-3501 ext. 2).

Things to do Now to Prevent Errors on 2006 W2s

Once again this year, the service staff were flooded with service calls relating to problems encountered with W2's. We thought if we listed a few of the items that you can be checking on now and throughout the year, it may save you time and frustration when you are ready to do the W2's for 2006.

Learn how to zip files. Whatever software you use to zip files, make sure you know how to use it, how to name a zip file and how to password protect your zipped file. This can vary depending on the zip software used and the version of the windows operating system you have.

Check your YTD Payroll Register after EVERY payroll. Take last payroll's YTD Register's gross pay plus the gross pay from this pay period's Payroll Register. That is what your new YTD Payroll Register should show. If it is not, stop immediately and research the problem. In the Windows version, assuming you have the latest service packs installed, it is VERY unlikely that the YTD amounts would be incorrect.

Check your State and Local Tax Analysis EVERY payroll. The tables used to produce these reports

are also used for the W2s. This is especially important for clients who upgraded during the calendar year to the windows version. Many clients did not print the State Tax Analysis in DOS if they only withheld state taxes from one state. When we convert the DOS file, the amounts may not be correct. This should be checked immediately when the windows version is installed and every pay period after that. If deductions that are deferred from state taxable wages are not set up properly at the beginning of the year, then the state taxable wages will be incorrect on the Analysis. This is true for the Local Tax Analysis also.

Make sure that you have each applicable state code (2 digit postal code) set up in the state tax setup and that it is only listed once. You also need to make sure that the state name and identification number are entered and is correct. To check this in DOS, from the Main Menu select Master File Maintenance, Employee Data, S=Setup files, (A) Maintain State Tax Codes and D to Display. To check this in Windows, select Payroll, Setups, and State Tax. Check the information in the grid.

If your state does not have any state tax withholding, and you do not want state wages showing on your W2 form, in Windows, click on Tools, Cost Allocation Setup and Class Setup. Make sure under the State column there is a N. However, if you have employees in a certain class that you don't withhold state taxes for, but you do need to report State Taxable wages on their W2, make sure there is a Y under the State column. Then in each of these employee files, next to state dependents, put a large number i.e. 50, so there would be no withholding. This will work with most state tax calculations, however states that calculate withholdings based on a straight percentage of gross wages, will always have some amount withheld.

After you have run the Save/Prepare W2 step for 2006, DO NOT date any direct deposits or paychecks with a 2006 date without service staff assistance in restoring your database first.



Present versions of Windows Software are:
Accounting: 1.2.245 RLSS:1.0.300