



Microsoft Dynamics SL Year End Closing Procedures

INTRODUCTION

Year end closing procedures are included for the following Dynamics SL modules:

- Accounts Payable
- 1099's
- Accounts Receivable
- Payroll
- General Ledger

Procedure and checklists apply to the following SL versions: 7.0, 6.5, 6.0

Perform backups of all company and system databases prior to year end.

Read the entire module section before you perform any steps.

If you have any questions, contact LBMC Technologies at (615) 309-2487.

Microsoft Dynamics SL Year End Closing Procedures

Accounts Payable Year End Closing Procedures

- Review open Accounts Payable files to ensure all documents for the year have been entered.
- Print the AP Batch Register (03.800.00) to check for open batches.
- Finish\Release any open batches.
- Run the Post Transactions (01.520.00) process in the General Ledger module.
- Print the Vendor Trial Balance (03.650.00) and General Ledger Trial Balance (01.610.00).
- Compare the Vendor Trial Balance (03.650.00) to the General Ledger Trial Balance (01.610.00). If in balance you are ready to close the year for the Accounts Payable module.
 - If not in balance, then review the following:
 - Review the beginning Accounts Payable balance for the year and match it to the ending account balance from last year's reports to ensure no entries have been made to prior years.
 - Review the Detail General Ledger (01.620.00) for any entries to the Accounts Payable account/subaccounts which did not originate from the Accounts Payable module.
 - Review the GL Transactions – Unposted report (01.680.00) to ensure no transactions for the current or future periods exist which could affect the General Ledger or Vendor balances.
 - Review the Account Distribution report (03.690.00) to ensure that the Accounts Payable account was properly debited for debit adjustments and Checks and properly credited for Vouchers and credit adjustments. Be aware of the effect of any void Checks when reviewing this report.
 - Review the AP Transactions report (03.640.00) for any batch detail which may come in questions as a result of reviewing the other reports.
 - If no differences are noted, you may want to verify the integrity of the Accounts Payable data by running the verification process in Accounts Payable Integrity Check screen (03.990.00), ensuring to only check the options that begin with 'verify'.
 - If corrections are made, reprint the Vendor Trial Balance (03.650.00) and the Trial Balance (01.610.00) for the General Ledger for the filing. Any working papers to summarize reconciling items which are not corrected should be filed with the monthly reports.
- Print the Aged AP Report (08.680.00) for the year end file.
- Process 1099's. 1099 Year-End Closing Checklist below.
- Close the Accounts Payable module using General Ledger Closing (01.560.00).

Accounts Payable 1099 Year End Closing Procedures

Don't wait until your Accounts Payable module is closed. The following can be done now to ensure the accuracy of 1099s.

AP Setup (03.950.00)

- 1099 Info section
 - Verify the fields are populated with correct data.
 - Verify the 1099 Limit is equal to the current IRS minimum amount.

Vendor Maintenance (03.270.00)

- The 1099 Vendor field must be Yes.
- The proper Default 1099 Box Number must be displayed.
- Verify the accuracy of the amounts showing in the 1099 Year Boxes.
- The Tax ID Nbr field should be populated. If not, 'Request TIN from Vendor' will print on the 1099 Preview Report (03.730).

1099 Preview Report (03.730.00) and Vendor Trial Balance Report (03.650.00)

- Generate these reports and compare them before producing 1099s to ensure the accuracy of all 1099 information reported for the current calendar year.
- The 1099 Preview report will display all 1099 information, including Vendor Tax Identification number (TIN), 1099 box amounts, and total payments for Vendors subject to 1099 reporting.
- If corrections are needed, they can be entered in Vendor Maintenance (03.270.00) 1099 Info using Initialize Mode, or by using Rebuild 1099 History in AP Integrity Check (03.990.00).

AP Integrity Check (03.990.00) – Rebuild 1099 History

- Solomon IV 4.21 and later versions can have 1099 balances rebuilt before producing 1099s.
- AP Integrity Check has a checkbox to Rebuild 1099 History that must be checked.
- During processing, make sure no one is working in Accounts Payable. This would include releasing batches from other modules that create AP batches.
- The 1099 Rebuild process is not going to build 1099 balances if the Vendors were not correctly set up as 1099 Vendors from the beginning. This process rebuilds all 1099 balances from AP transaction information that already contains 1099 data. IF the Voucher was not created using a 1099 box, the 1099 Integrity Check will not update

Microsoft Dynamics SL Year End Closing Procedures

anything. But it will remove any amounts that were initialized. For this reason, the following considerations must be made before executing the rebuild procedure.

- **Balance Initialization:** If Initialize Mode or any other non-transactional method was used to update 1099 balances during the tax year, they will be lost during the rebuild process. A procedure to update the rebuilt 1099 balances using initialized information will have to be developed.
- **Data Retention:** If AP detail is retained for less than one year due to the processing of Delete AP Detail (03.540.00), then either restore records which contain tax year information before rebuilding 1099 balances or develop a procedure to update rebuilt 1099 balances using backup information.
- **System Conversion:** If any tax year information was converted from another system, but not all of the supporting AP balance, batch, document, adjustment, and transaction records were recreated in the new database, then develop a procedure to update rebuilt 1099 balances with conversion information.

1099 Forms (03.740.00) and Generate 1099 Magnetic Media (03.742.00)

- The formats and data needed for the 1099s are subject to IRS rules and regulations.
- Solomon provides an annual Year-End Update package that incorporates the latest IRS information.
- Consult the Solomon Technical Bulletin that comes with the Year-End Update package. It will detail important changes that have been made to the production of 1099s.

1099 Calendar Year Control (03.530.00)

- After completing the 1099 production process, it may be necessary to use this screen to purge obsolete 1099 information or change the status of the current and next 1099 calendar years.
- 1099 amounts for Vendors are accumulated based on Check Date. When trying to print checks in Accounts Payable Checks (03.620.00) that are dated with a calendar year that is not set up as an open 1099 year, System Message 532: 'Date must be in an open 1099 year, please re-enter' will display. When this occurs, there are two Process Options available.
 - **Purge Oldest Year** - if the new calendar year is not shown as the Current or Next 1099 Year, this option will purge the 1099 data of the Current 1099 year and increase the numbers in Current 1099 Year and Next 1099 Year by one. Because you can have two open years of 1099 data, you may want to wait until the end of the new year before purging the oldest year, in the event some of the 1099s need to be corrected and reprinted. **It is recommended that restorable backup copies of your database be made immediately prior to this process.**
 - **Change Status** - change the status of the Current or Next 1099 Year.

Microsoft Dynamics SL Year End Closing Procedures

Accounts Receivable Year End Closing Procedures

- Review Accounts Receivable to make sure all documents for the year have been entered.
- Print the AR Batch Register (08.800.00) to check for open batches for the year.
- Finish/release/post any open batches.
- Run the General Ledger Post Transactions (01.520.00) process to post any unposted AR batches.
- Print the Customer Trial Balance (08.620.00) and General Ledger Trial Balance (01.610.00).
 - Compare the account totals on the two reports. If in balance, you are ready to close the year.
 - If not in balance, review the following or reference Microsoft Knowledge Base article 869013 for a complete guide to reconciling AR to GL:
 - Review the beginning Accounts Receivable balance for the year and match it to the ending account balance from last year's reports to make sure no entries have been made to prior years.
 - Review the Detail General Ledger (01.620.00) for any entries to the Accounts Receivable accounts/subaccounts that did not originate from the Accounts Receivable module.
 - Review the GL Transactions – Unposted report (01.680.00) to make sure that no transactions for the current or future periods exist that may affect the General Ledger or AR Customer balances.
 - Review the Account Distribution report (08.630.00) to make sure that the Accounts Receivable account was correctly debited for invoices and debit memos and correctly credited for credit memos and payments.
 - Review the AR Transactions report (08.640.00) for any batch detail that you may need to answer questions as a result of reviewing the other reports.
 - If no differences are noted, you may want to verify the integrity of the Accounts Receivable data by running the verification processes in Accounts Receivable Integrity Check (08.990.00). Make sure you only select the options that start with 'verify'.
- If corrections are made, reprint the AR Customer Trial Balance and the GL Trial Balance and file the reports. Any working papers to summarize reconciling items that are not corrected are filed with the monthly reports.
- If an Aged AR Report (08.610.00) has not been printed, run the Age Customer Detail (08.530.00) process and then print the Aged AR report for the file.
- Close the Accounts Receivable module for the year in General Ledger Closing (01.560.00).

Microsoft Dynamics SL Year End Closing Procedures

Payroll Year End Closing Procedures

Following is a checklist outlining the general guidelines used for balancing and closing Payroll for the year. Your organization may have additional balancing steps.

- Upon completion of the final Payroll processing for the year, print and review the following reports for balancing the Payroll module:
 - 941 Quarterly Federal Tax Worksheet (02.750.00)
 - Unemployment Tax Worksheet (02.770.00)
 - Earnings & Deductions report (02.670.00), Detail and Totals formats
- Balance the 941 Quarterly Federal Tax Worksheet and the Unemployment Tax Worksheet with the Earnings & Deductions report, Totals format.
Note - If there are discrepancies, note the differences on the reports and make the necessary corrections to the worksheets.
- Make a BACKUP of the database that can be restored in case an undesired data loss occurs.
- Use GL Closing (01.560.00) to close the module for the year. For Payroll in a Fiscal Year database, the Year is closed in the period that ends December 31.
Note - Payroll must be closed for the current year before you can process Payroll for the new year. Closing the Payroll year does not prevent W-2s from being processed.
- Update deduction and earnings information for Employees such as new SUTA rates, new health insurance rates, etc.
- Update Payroll tax table information.
- Generate W-2s for Employees.

W-2 Processing

The W-2 process generates and prints W-2s for your Employees and the Internal Revenue Service. All of the earnings and deductions to be printed on the W-2 including 401(k) information, dependent care information, etc., will be printed in the W-2 boxes as designated in Earnings Maintenance (02.270.00) and Deduction Maintenance (02.290.00).

- Print and review the Earnings & Deductions report, Detail and Totals formats.
- If you are generating a magnetic media file for the Internal Revenue Service, access W2 Magnetic Media (02.742.00) and verify the information is accurate.
- Run the W2 Calculation (02.510.00) process.
- Print the W-2 Forms (02.741.00) to plain paper and review the information for accuracy. Verify the totals balance with the totals from the Earnings & Deductions report, Totals format.
 - If changes are needed for specific Employees, you can make changes to W-2 amounts by opening the Options menu, checking Initialize Mode, accessing Employee W2 History (02.260.00), selecting the Employee that needs a correction, and entering the corrected information.

Microsoft Dynamics SL Year End Closing Procedures

- If changes are needed for specific deductions, you can make these changes in Deduction Maintenance. Once these types of changes are made, the W2 Calculation process should be rerun.
- The Protect Edited W2 Information field in W2 Calculation specifies that W-2 information which has been edited for the calendar year will not change during subsequent W-2 form regeneration. This option can be selected and deselected as necessary and is not in effect during the initial processing run.
- When the W-2 information is accurate, print the W-2s on the appropriate forms.
- If generating a magnetic media file, access W2 Magnetic Media and generate the magnetic media file.
Note - Solomon will retain Employee W-2 information for as many years as specified in the Years To Retain Employee History field of PR Setup (02.950.00).

Payroll Reports Balancing Tips

- Add the wages, withholdings, etc. from the four quarterly 941s filed for the year and verify that they match the totals on the W-2s and the totals on the Earnings & Deductions report, Totals format.
- Use the Earnings & Deductions totals to balance the W-2 information for state wages and state withholding amounts to the forms that are filed with your state taxing authority.
- Print the General Ledger Trial Balance (01.610.00), and compare with the Earnings & Deductions report, Totals format to balance the wage accounts, liability accounts, etc.
- The QTD and YTD information on the Earnings & Deductions report and the Unemployment Tax Worksheet come from the data in Employee History (02.060.00). If an error is found on either report, you can use Initialize Mode to correct the information for an Employee in Employee History and then reprint the report.

Microsoft Dynamics SL Year End Closing Procedures

General Ledger Year End Closing Procedures

- Post and close all sub modules prior to closing the General Ledger.
- Verify that all General Ledger batches are released and posted. This can be done by running the General Ledger Batch Register Report (01.800.00) for the fiscal year being closed using Select criteria of Field= batch.status, Operator= IN , Value= B, H, U. Any batches appearing on the report will require further processing. In the case of B or H status batches – the release and post process will be necessary or the batch can be deleted if so desired. Any U status batches, with a period to post within the fiscal year being closed, must be posted. U status General Ledger batches can be selected and deleted from Journal Transactions (01.010.00) while in Initialize Mode.
- If Allocations are used, verify that the batches have been generated and posted. This can be done by running the General Ledger Batch Register Report, Detail format, using Select criteria of Field= batch.battype, Operator= Equal , Value= A.
- Print the Trial Balance (01.610.00) and Detail General Ledger (01.620.00) reports to verify the accuracy of the account balances. Inaccuracies can be further analyzed utilizing the General Ledger Integrity Check (01.990.00). Enter and post any necessary correcting transactions.
- If any of the correcting transactions affect accounts/subaccounts used in Allocations, rerun the Generate Allocations (01.580.00) process.
- If Consolidations are used, process the file(s) and post the transactions.
 - Print and review the financial statements using FRx.
 - On Balance Sheet reports, verify that Total Assets equals Total Liabilities and Equity.
 - On Income Statement reports, verify that Net Income (Loss) equals the amount shown on the Trial Balance Report.
 - Verify other key numbers on the statements such as total revenue, gross profit, current assets and current liabilities.
- After verifying the accuracy of the reports, the year-end closing process is ready to be run.
- The year-end closing process will do the following:
 - Set the current period to the first period of the new fiscal year.
 - Establish beginning balances for the asset and liability accounts.
 - Zero the income and expense accounts
 - Close the Year to Date Net Income account into the Retained Earnings Account.
 - Retain the year's period to date and year to date history.
- After completing the year-end closing process, back up the database.