



HILL COUNTRY SOFTWARE & SUPPORT
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IADT Budgetary Accounting System

Instructions for Processing

W'2s & 1099's

&

Payroll Start of Year Processing

Software Release: December 14, 2011

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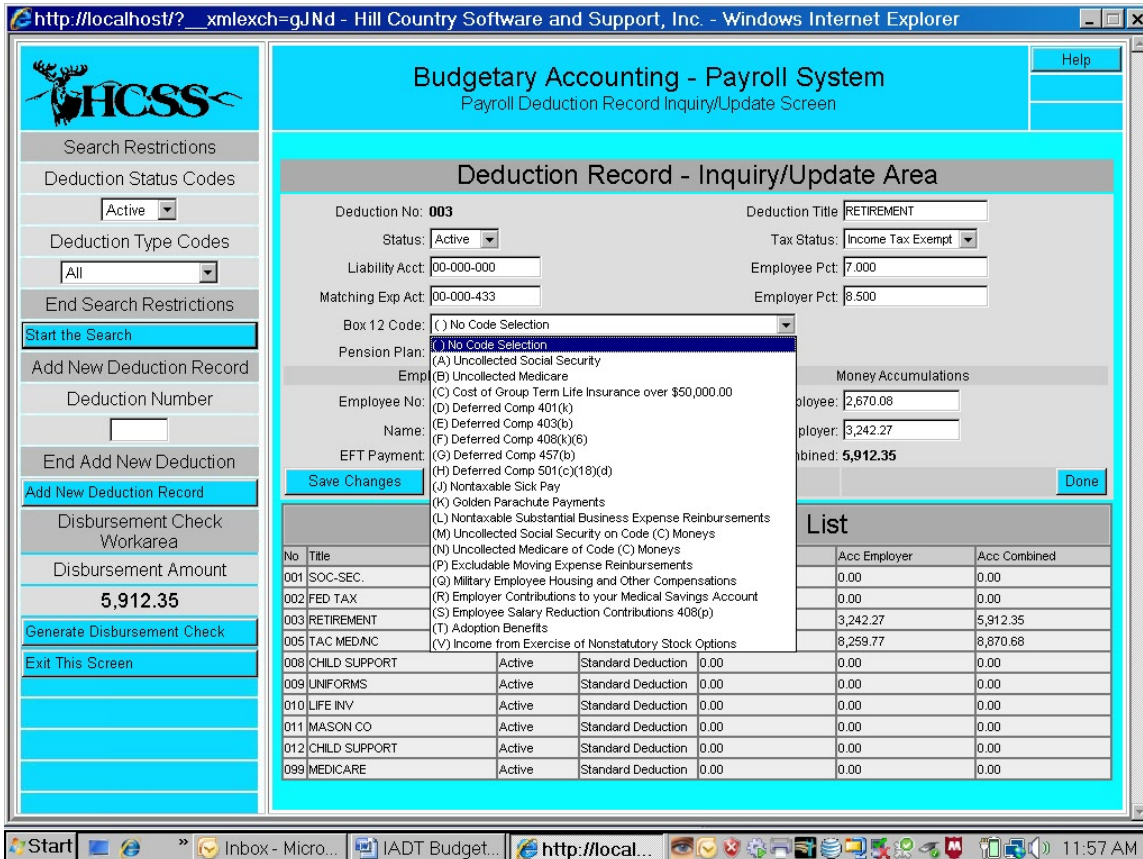
Introduction

The purpose of this manual is to give you, one of our Budgetary Accounting System users, a short, but detailed description, of what is required to begin a new year. This manual will focus on the processing and printing of W2's and 1099's, and the possible creation of your new data files for your new fiscal year. According to federal law you must have your W2's and 1099's printed by the end of January. On the other hand, the beginning of a new fiscal year can occur at different times of the year depending on the situation at your organization.

Payroll Deduction Considerations

Some of your payroll deductions need to show up on your W2's and you must make updates to our payroll master files, before you capture the W2 Information, so that your W2's will print correctly:

Box 12 – This box is where Section 125 and other deductions are required to appear.



If you click the drop down arrow on the “Box 12 Code” field, on a deduction record inquiry, the displayed options will appear. For a deduction to appear in Box 12, on the W2, you must select one of the above codes for this field. If you are not certain as to the appropriate code for a deduction, consult the deduction’s vendor.

Box 14 – This box is optional and we do not automatically put deduction amounts into this box. You can manually add amounts into this box in the W2 update area on each employee’s master record. This must be done **after** the final capture of W2 data.

Retirement Plan Check Box – A check in this box is controlled by the “Pension Plan” field on each deduction record.

TCDRS Retirement Deduction – This deduction requires a check in the “Retirement Plan Check Box” on the W2, and may be put into Box 14, but is not required. However, since our software does not automatically put amounts into Box 14, we will not put any amounts in there for you. You must select “Both” in the “Pension Plan” field on the TCDRS deduction record for this deduction.

Before Your First Payroll - Capture W2 Information

The first thing you must do before you process your first payroll of the new year is capture the information you will need to print your W2’s. You do not have to print the W2’s at this time, we need only transfer the necessary data to the W2 work area on each employee’s record. To do this you must execute the following steps:

- (1) Select the Payroll System
- (2) Select “Inquiry/Update Procedures”
- (3) Select the “Payroll Master – Inquiry/Update Program
- (4) Select “W2 Processing”
- (5) Left click the ”Extract W2 Data” button

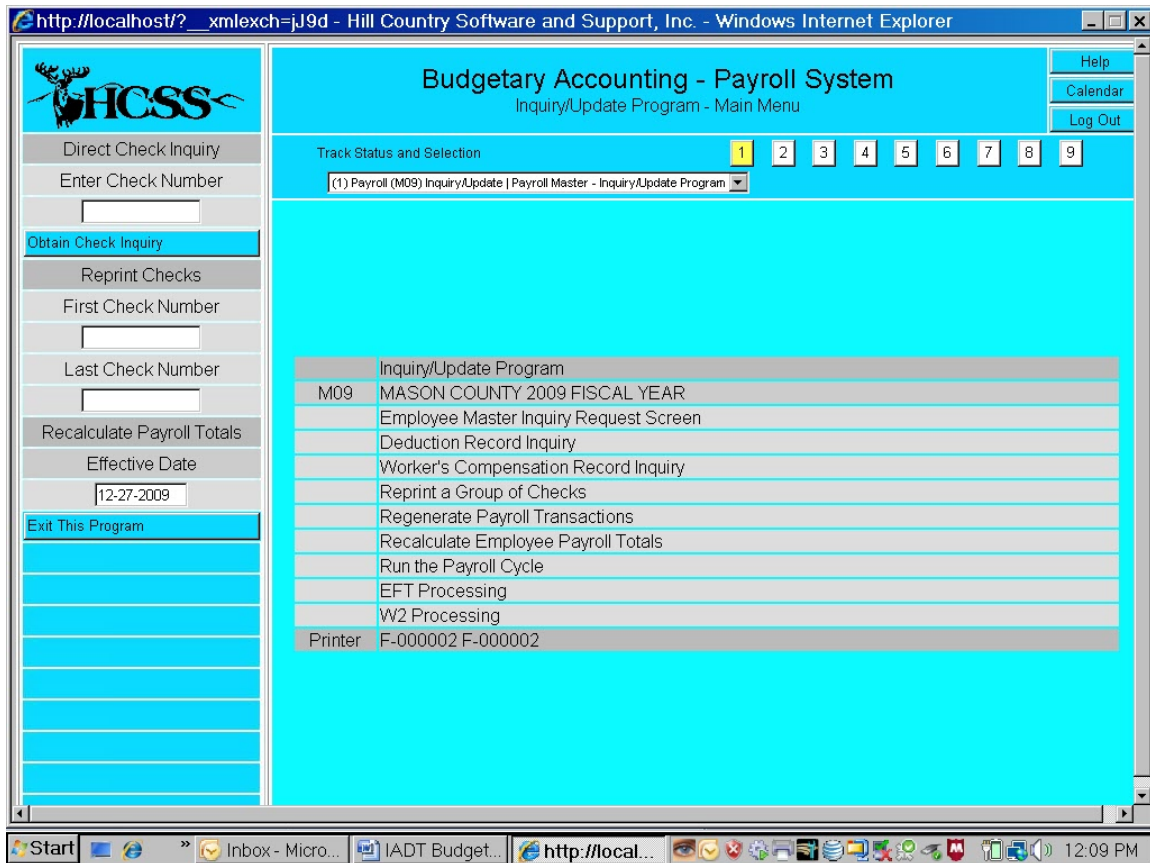
When doing the transfer the system will verify that your employee mailing addresses are in the correct format. The Social Security Administration is very specific as to the format of the city and state address line. You must have the name of the city, followed by a space, followed by the appropriate state abbreviation, followed by a space, and followed by the zip code. For example the address of Hill Country Software would be:

Hill Country Software & Support, Inc.
4 Green Cedar Road
Boerne TX 78006-7929

As the transfer is being done the system will verify that the format of the last address line is correct. If it is not correct it will stop and ask you to correct the problem.

You are now ready to continue with the processing of your next payroll.

Too Late – Already Ran First Payroll



If you get to this point and realize that you have already run your first payroll cycle of the new calendar year, but have not captured your W2 information for the previous calendar year, there is a function available that will salvage the situation. In “Payroll Master – Inquiry/Update Program”, in the “Payroll System”, there is a function called “Recalculate Employee Payroll Totals”. This function is designed to allow you to calculate payroll totals back to any point in the past. It is also used to calculate your payroll totals back to current after you have calculated them back to some point in time. **You can not use this program, in this situation, if the previous calendar year of payroll is not a complete calendar year in which our payroll system was used.** To execute this function simply enter the data that was put on the payroll checks for the pay period you want to calculate to. It is essential that this date is correct. Once you have entered the date correctly, select the menu option “Recalculate Employee Payroll Totals”, and the system will do the rest.

Once you have successfully completed the recalculation of your payroll totals, you are ready to **“Capture Your W2 Information”**. Before you actually capture your W2 information, you should probably run a **“Payroll Earnings Register”** to verify that the payroll totals were calculated correctly. Once you have successfully captured your W2 information, you must now use this same routine to calculate your payroll totals back to current. You can run this program as many times as it takes to get the job done right.

Enter the new Payroll Tax Percentages

Before you can successfully process your first payroll of the new year you must update the withholding tax table and FICA information. This information can be found in the Circular E that you should have received in December. To update this information you must execute the following steps:

- (1) Log into the system as the Customer Administrator.
- (2) Enter the Payroll System
- (3) Select “Low Use Procedures”
- (4) Select “Payroll Control File Update”

The screenshot shows a web browser window titled "http://localhost/?_xmlcxh=z348 - Hill Country Software and Support, Inc. - Windows Internet Explorer". The main content area is titled "Circular E - Annual Tax Tables".

At the top, there are printer settings: Printer Port: 1, Laser Printer: Yes, Paper Tray: 0.

The main section is divided into two columns: "Filing as Single" and "Filing as Married". Each column has a table with three columns: Base Salary, Base Tax, and Percentage.

Filing as Single			Filing as Married		
Base Salary	Base Tax	Percentage	Base Salary	Base Tax	Percentage
0.00	0.00	0.000	0.00	0.00	0.000
0.00	0.00	0.000	0.00	0.00	0.000
0.00	0.00	0.000	0.00	0.00	0.000
0.00	0.00	0.000	0.00	0.00	0.000
7,180.00	0.00	10.000	15,750.00	0.00	10.000
10,400.00	322.00	15.000	24,450.00	870.00	15.000
36,200.00	4,192.00	25.000	75,650.00	8,550.00	25.000
66,530.00	11,774.50	28.000	118,130.00	19,170.00	28.000
173,600.00	41,754.10	33.000	216,600.00	46,741.60	33.000
375,000.00	108,216.10	35.000	380,700.00	100,894.60	35.000

Standard deduction amount per exemption claimed: 3,650.00

FICA and Medicare Percentages and Limits

FICA Percentage: 6.200 FICA Limit: 106,800.00
 Medicare Percentage: 1.450 Medicare Limit: 9,999,999.00

Unemployment Percentages and Limits

State Percentage: 0.000 State Limit: 0.00
 Federal Percentage: 0.000 Federal Limit: 0.00

Employee Leave Default Information

Vacation: VACATION Limit - Max Hours: 160
 Sick Leave: SICK LEAVE Limit - Max Hours: 640
 Personal: PRRS:1 F&VF Limit - Max Hours: 0

As a county or municipality you will probably not use the state and federal unemployment information, so you will leave those values set to zero. If by some chance you need to use those fields, then enter the appropriate amounts. Remember to save your entries.

Printing your W2's

Before you actually print your W2's you must update your employer information. This is done by executing the following steps:

- (1) Select the Payroll System
- (2) Select "Inquiry/Update Procedures"
- (3) Select the "Payroll Master – Inquiry/Update Program"
- (4) Select "W2 Processing"

The following screen will appear:

The screenshot shows a web browser window titled "http://localhost/?_xmlexch=Eb4a - Hill Country Software and Support, Inc. - Windows Internet Explorer". The main content area is titled "Budgetary Accounting - Payroll System" and "Payroll W2 Processing Control Screen". On the left, there is a sidebar with a logo and buttons for "Save Changes" and "Exit This Program". The main form area is titled "Employer W2 Filing Information - Reporting Year: 2009". The form contains the following fields:

Company Name:	MASON COUNTY	PIN No:	12345678
		EIN:	741234567
Street Address:	PO BOX 475	State:	TX
City:	MASON	Zip Code:	76856 .0000
Prepared By:	Self Prepared	Software Type:	In House
Employment Type:	Regular and All Other	Phone Number:	830-536-4381
Contact Name:	JIM STATECZNY	Extension:	
Fax:		Contact Method:	E-Mail
E-Mail:	JIM@HILLCOUNTRYSOFTWARE.COM	Resub TLCN:	
Resub Indicator:	No	W2 Print Order:	Department-Alphabetical
Alignment Adjustment:	None		

At the bottom of the form, there are five buttons: "Clear W2 Information", "Extract W2 Data", "Print W2's", "Print W2 Listing", and "Print Technical Info". The Windows taskbar at the bottom shows the Start button, several open applications, and the system clock displaying 12:18 PM.

Since we are now all filing magnetically, you will have already contacted the Social Security Administration and they will have provided you the necessary data to fill out the bottom part of the screen. Remember to save all of your entries.

NOTE: Pin No: Is the ID # assigned by SSA for you organization.

When filing magnetically you must also be aware of the file that is created for you to send to the SSA. The system will generate a file with a name of “**SSA-W2**”. This file will be placed in the “**REPORTS**” folder, located inside of your “**CASI**” directory.

The current law requires that you print your W2’s by the end of January. Before you print your W2’s be certain that you have the appropriate forms. Our new laser generated W2’s require a blank 8-12 x 11 sheet of paper with a perforation across the middle of the sheet. It is also important that you have the appropriate envelopes if you are going to mail the W2’s to your employees. If you are not sure about your forms please contact Ira Duffield at Thompson Print Solutions at (800-842-0191) or your forms supplier.

Following is a short description of the different options in the W2 print program:

Print W2 Work File Listing

This option will print a report that will show all of the employee W2 information. This report provides an easy way for you to check your W2 information before you print the W2’s. This report does not update any files, so you can run this report as often as you wish.

Print the Actual W2’s

This option will print the actual W2’s. This option does not update any files, so you can print the W2’s as often as you wish. You may first print the W2’s on plain paper so that they can check them before the actual printing.

Create Transmission File:

This process creates the required file for electronic filing: “**SSA-W2**”, it is located in the “**Reports**” folder.

Print Technical Listing of W2 Magnetic File

This option will print the W2 Magnetic File. This printout is designed for programmers or technical people, and is used in the event of a problem. This option is usually used at the direction of a member of the HCSS support staff.

Updating Employee W2 Information

If you find the need to manually adjust an employee's W2 information you will access the W2 Update Screen from the employee's master record inside of the "Payroll Master Inquiry/Update Program". When selected the following screen will appear:

The screenshot shows a web browser window titled "Budgetary Accounting - Payroll System" with the subtitle "Payroll - Employee Inquiry/Update Screen". The interface includes a navigation menu on the left with options like "Save Changes", "Expand All", and "Exit This Screen". The main content area displays "Payroll Totals", "Electronic Funds Transfer - Direct Deposit", "Employee Check History", and "Employee W2 Information".

Employee W2 Information

First Name:	JOHN	Print W2:	Yes	Reporting Year:	2009
Last Name:	JONES	Pension Plan:	Yes	Extract Date:	12-26-2009
Street:	100 MAIN STREET	Total Wages:	17,152.38	Initial Print Date:	Pending
City:	MASON	Fed With Tax:	1,385.55	Last Print Date:	Pending
State:	TX	SSNO Wages:	18,443.42	Last Update Date:	Pending
Zip Code:	76856 , 0000	SSNO Tax:	1,143.49	Print this W2	
Box 12:	0.00	MEDI Wages:	18,443.42		
Code and Amount:	0.00	MEDI Tax:	267.43		
	0.00	SSNO Tips:	0.00		
	0.00	Allocated Tips:	0.00		
Box 14:	0.00	EIC Payments:	0.00		
Code and Amount:	0.00	Dependant Care:	0.00		
	0.00	NQP 457:	0.00		
	0.00	NQP Not 457:	0.00		

As you can see, with the use of this screen, you can modify all or part of the employee's W2 information. Remember to save the changes you have made.

Payroll Totals & Your First Payroll of the New Year

As you prepare to run your first payroll cycle of the new year you will notice that all of the payroll totals from the previous year are still on each employee's record. These totals will not be cleared until you run your first payroll cycle of the new year, and actually print the payroll checks. Recall that on the "Payroll Processing Control Screen" there is a question that asks if this is the first payroll of a new year. Answering "Y" to this question will cause the payroll totals to be reset to zero, but since nothing is updated during a "Trial Run", the totals can't be cleared until the "Actual Run" is processed.

Printing your 1099's

***** Process your 1099's in your Current Fiscal Year Books *****

Before starting to process your 1099's you must update the required employer information. To do this you must execute the following steps:

- (1) Log into the system as the Customer Administrator.
- (2) Enter the Accounts Payable System
- (3) Select "Low Use Procedures"
- (4) Select "Accounts Payable Control File Update"

The following screen will appear:

The screenshot shows a web browser window titled "Budgetary Accounting - Accounts Payable System" with the subtitle "Accounts Payable Control File Update Screen". The interface includes a navigation menu on the left with options like "Save Data Changes", "Encumbrance Verification", and "Exit this Screen". The main content area contains several sections:

- Use Laser Generated Checks for Check Format:** Yes (dropdown)
- Select Laser Checks Paper Tray:** 2 (dropdown)
- Select Laser Checks Printer Port:** 1 (dropdown)
- 1099 Related Control Items:**
 - Your Name: MASON COUNTY
 - Your Address: PO BOX 475, MASON TX 76856
 - Contact Name: POLLY MCMILLAN
 - Contact Phone Number: 325-347-5251
 - Current 1099 Reporting Year: 2009
 - File Access Keys to be Imported: MD9
 - Backup Withholding - Percentage: 0.000
 - Backup Withholding - Department Number: 0000
 - Backup Withholding - Line Item Number: 0000
 - Flag Midding SSNO/TIN Box on 1099: Yes (dropdown)
 - EIN Number: 74-1234567
 - TCC Code: (empty)
 - Replacement Code: (empty)
 - Original File Name: (empty)
- Invoice Import File Path:** (empty text box)
- Bank Reconciliation File Path:** (empty text box)

The Windows taskbar at the bottom shows the Start button, several open applications (Inbox - Micro..., IADT Budget..., http://local...), and the system clock at 12:26 PM.

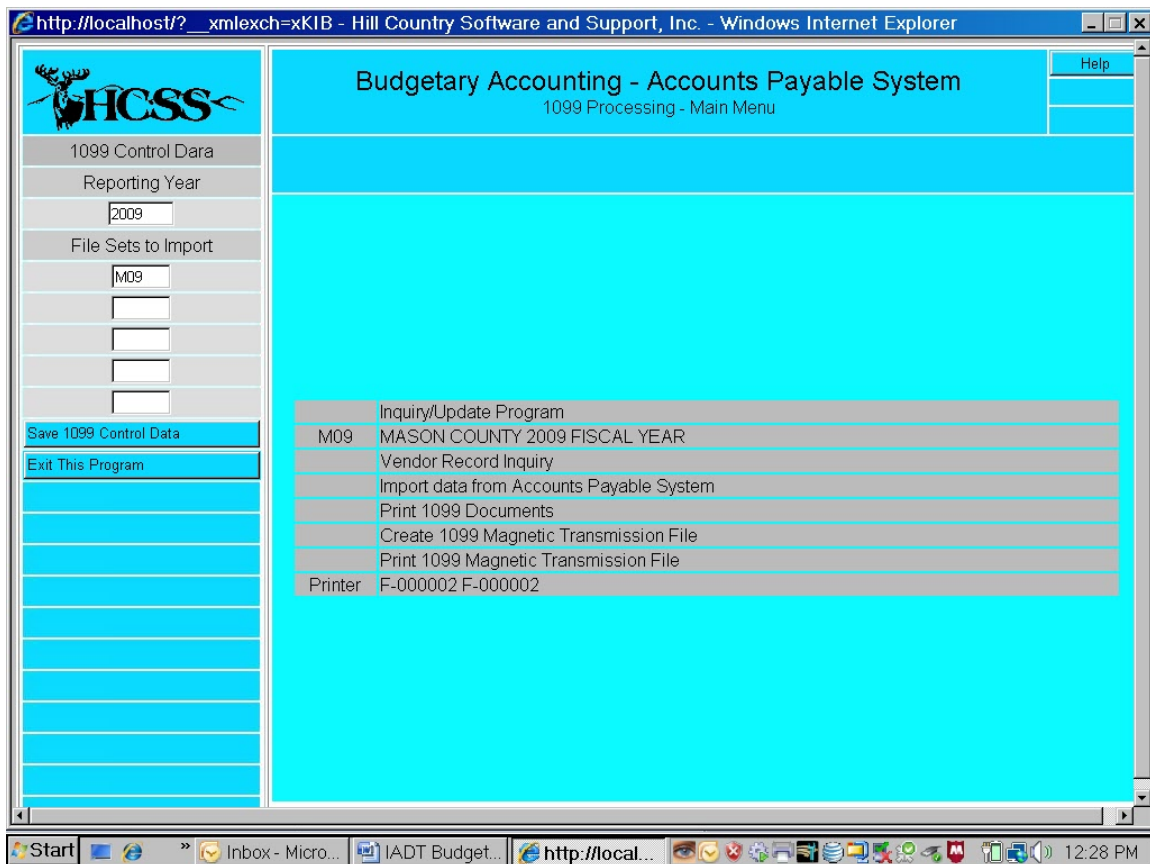
The information that **must be correct** is your name and address, contact information (no dashes in phone number), E-mail address, 1099 Reporting Year, EIN number and TCC Code. Remember to save your entries.

The next step is to go to the 1099 Preparation Program, which is located on the Accounts Payable, Inquiry/Update Procedures menu. Select the “Vendor 1099 Processing” option. It is also important that you have the appropriate envelopes if you are going to mail the 1099’s to your vendors. If you are not sure about your forms and envelopes please contact Ira Duffield at Thompson Print Solutions (800-842-0191) or your forms supplier.

In order for bills paid to be eligible for 1099’s the following must occur:

- (1) The bill must have been entered as an invoice
- (2) The invoice must have been attached to a vendor record
- (3) The vendor must have either a valid SSNO or TIN

If all of the above listed items are not in place, the bill paid will not be eligible for a 1099. When you are ready to start the processing of your 1099’s you must first be in your **current** data file set. Once you have entered the appropriate 1099 preparation program the following screen will appear:

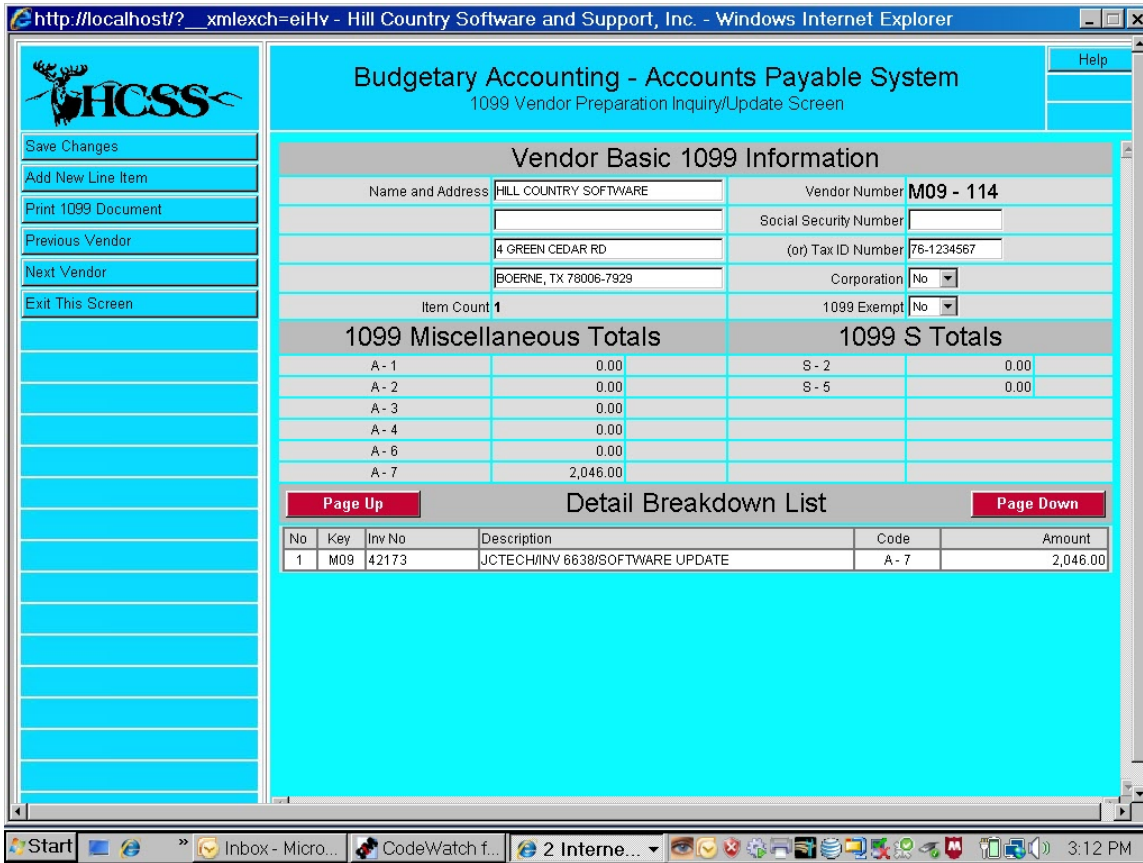


Your first step will be to select the option “Import data from Accounts Payable System. This function will scan all invoices in the specified data file set. When this procedure is executed a very lengthy report will be printed. This report will list every invoice record that was examined, the result of the examination, and an explanation of rejection if the invoice was found not to be eligible for a 1099. If you do not want to print this report, make sure you have changed your printer to your “Mine” printer. It is highly recommended that you print this report at least once during this process.

***** *Process your 1099's in your Current Fiscal Year Books* *****

Before you start the process you must enter the correct reporting year, file sets to be scanned, and verify that you are in the appropriate data file set. Once you start the process the system will ask you several questions to verify that you truly do want to do this.

Once you have imported the 1099 data from your Accounts Payable system, you will be able to access the included vendors by either their **Vendor Name, SSNO# or TIN#**. The screen that will be displayed will show you all of the relative 1099 data as it applies to that vendor. This screen will also allow you to make some changes to the vendor's 1099. Once a vendor has been selected the following screen will appear:



The options on this screen should be self explanatory. As you can see you have great flexibility in working with the vendor's information.

If you get into the processing of your 1099's and realize that you simply need to start over, this is not a problem. In this event you would simply duplicate the steps you have previously executed. The new laser generated 1099's require a blank 8-12 x 11 sheet of paper with a perforation across the middle of the sheet.

Since we are now filing your 1099's magnetically there is an option on this menu that you will run to create the transmittal file. The name of the file is "**IRS-1099**" and will be located in the "**REPORTS**" folder inside of the "**CASI**" folder on your primary computer or server. This file should be created after you have completed the printing of all of your 1099's. When you select the option to create this file you will be asked for your current reporting year, Trial or Actual run and EIN#. This procedure can be executed as many times as required.

You are now ready to send the magnetic file "**IRS-1099**" to the IRS. Continue with the 1099 Filing Guideline Document.

***** *Process your 1099's in your Current Fiscal Year Books* *****

DBA – Doing Business As

When the actual 1099 is printed, the IRS requires that the name of the individual, who is doing business as, appear on the top line, and the name of the business on the first address line. This is opposite from the way the vendor record is setup. Following is an example of how the name and address on the vendor records would appear:

ACME CAR RENTAL AND REPAIR
JOHN GOODWRENCH DBA
P O BOX 1375
SAMPLE TOWN TX 78999

When the actual 1099 is printed the name line, followed by the three addresses line will appear as follows:

JOHN GOODWRENCH DBA

ACME CAR RENTAL AND REPAIR
PO BOX 1375
SAMPLE TOWN TX 78999

The “DBA” must appear after the name with a space on both sides of it.