

**Summary of Year End Processing**  
**TOPS 3.2.1 & 4.0**  
**2013**

The next few pages will summarize the steps involved in the Year End Closing for each module in TOPS. For all modules, you may continue to process for January (or whatever the first month of your fiscal year might be) even though you have not closed the year. TOPS knows how to interpret transactions by date and will recognize the dates in the new year and keep them separate from transactions for the year just ended.

There are some modules that **must** be closed on a calendar year regardless of the Fiscal Year. To help remind you which are calendar and which are Fiscal follow this list below:

<u>Module</u>	<u>Year End</u>
Accounts Payable	Calendar
Payroll	Calendar
General Ledger	Fiscal
A/R & Owner Collections	No Action Necessary

If you do not have all the modules covered below, just follow the guidelines for the ones that apply to you.

**I. BACKUPS**

Before closing any of the modules for Year End it is strongly recommended that you make a backup of the Community's data files. If you have to restore the files for any reason you will need this backup. When the Backup is done, label it as the year end backup and save it permanently. Do not use it over again.

If you want to make an offsite backup at year-end, consider using the TOPS Internet Backup Service where your data can be safely and securely backed up before closing the year. Visit our web site at [www.topsoft.com/backups](http://www.topsoft.com/backups) for more information or to sign up.

**II. CALENDAR YEAR END**

**Accounts Payable**

You can enter A/P invoices and print checks into the next year even though you have not printed 1099 Forms or closed the A/P for the year. The A/P module keeps the transactions separate from one year to the next. Other than printing 1099's, there is no other closing function that needs to be done in the Account Payable module.

The 1099 forms are 2 per page and are available at any office supply store or forms supplier. You should try to print the 1099's during January to meet Federal and State filing deadlines for 1099's. The steps involved in year-end processing for this module are ("*A/P Menu*", select "*Year End*" menu tab):

- **Print 1099 Report** (use to "proof" the amounts reported)
- **Print 1099 Forms**
- **Print 1096 Transmittal Summary**

A 1099 "work file" is created with the yearly totals for those Vendors that are check marked to get 1099's in the Vendor file. The current minimum for 1099 reporting is \$600 or more paid to a vendor within the calendar year.

We recommend printing the report first, reviewing it, then printing the 1099's. If errors are found on the 1099 Report, you may edit the 1099 "work file" to correct amounts or edit the Vendor File to enter missing information, (like the Vendor address or Tax ID #). Each time the 1099 file is generated, it will revert back to the amounts paid to Vendors in the Vendor History file for this year. The amounts will be placed in box 7 on the 1099, "Non-Employee Compensation" which is normally the correct reporting box. When editing the 1099 file, you may enter amounts manually in other reporting boxes on the 1099 as needed.

Printing 1099's is the only closing step that needs to be performed in the A/P module.

## Summary of Year End Processing

### II. CALENDAR YEAR END

#### Payroll

You may continue to process Payroll into the next year even though you have not printed the 4th Quarter Reports and Year End Reports (including W-2's) for the year just ended. The Payroll module knows how to keep your history separate for the year just ended and the following year's payroll. Be sure to update your tax tables (Federal and State) for new tax rates **before** preparing your first payroll with checks dated in the new year.

You should try to complete the Payroll closing and print all reports in January to meet IRS and State filing deadlines.

The steps involved in closing this module are:

- **Print 4th Quarter Reports**
- **Print Year-End Payroll Report**
- **Maintain W-2 Info for each Employee (for pension or 401K reporting)**
- **Print W-2's**
- **Perform Year End Closing (Zero YTD Balances)**

All of these reports can be printed from the "Payroll Menu".

#### **\*\* Warning\*\***

Never change the "Current Payroll Year" in the "Payroll Control File" to change the year from the year just ended to the new year. The year gets updated automatically for you when you perform the "Close Payroll Year" function.

***The 2014 Federal Tax Table rates are on the next page.***

**TOPS Software**  
**2014 Federal Payroll Tax Rates**  
**January 1, 2014**

You MUST enter these new rates BEFORE the first payroll with checks **dated** in 2014. It is the Check Date, not the pay period that controls when the tax tables must be changed.

**Social Security (FICA) Tax**

The new tax rates and limits are:	<b><u>Rate</u></b>	<b><u>Limit</u></b>
Employee	6.2%	\$117,000
Employer	6.2%	\$117,000

**Medicare Tax**

The new tax rates and limits are:	<b><u>Rate</u></b>	<b><u>Limit</u></b>
Employee	1.45%	\$500,000.00 (unlimited)
Employer	1.45%	\$500,000.00 (unlimited)

*Additional Medicare Tax* – you must withhold an additional .9% (.009) for wages paid in excess of \$200,000. The employer is **NOT** required to pay this Additional Medicare Tax, only the employee.

**Federal Unemployment (FUTA) Tax**

Rate is 6.2% less state credits (rate is normally .80 after state credits in line #26 of Federal Tables).

<b><u>Rate</u></b>	<b><u>Limit</u></b>
.80	\$7,000

**2014 Federal Withholding Tax**

The Federal Withholding Tax Tables are:

Tax Table Line # 34	<b>Withholding Allowance</b>	<b>\$ 3950.00</b>	
<b>Single Table:</b>	<b>\$-Amt</b>	<b>%-Amt</b>	<b>On-Amt-Over</b>
Line #1	0	10.00	2,250.00
Line #2	907.50	15.00	11,325.00
Line #3	5,081.25	25.00	39,150.00
Line #4	18,193.75	28.00	91,600.00
Line #5	45,353.75	33.00	188,600.00
Line #6	117,541.25	35.00	407,350.00
Line #7	118,118.75	39.60	409,000.00
<b>Married Table:</b>	<b>\$-Amt</b>	<b>%-Amt</b>	<b>On-Amt-Over</b>
Line #1	0	10.00	8,450.00
Line #2	1,815.00	15.00	26,600.00
Line #3	10,162.50	25.00	82,250.00
Line #4	28,925.00	28.00	157,300.00
Line #5	50,765.00	33.00	235,300.00
Line #6	109,587.50	35.00	413,550.00
Line #7	127,962.50	39.60	466,050.00

Update your State and Local Tax Tables also. We recommend checking with your accountant to get the State and Local Tax Tables for the new year. Remember, you are always loading the *Annual Rates* and *Annual exemption* value for your state withholding taxes.

**Note:**

These Tax Tables are provided for your convenience only. These are Early Release 2014 Federal Tax Tables, they are subject to change at any time. TOPS makes no warranty as to their accuracy. It is best to consult the Federal Circular E and your accountant to be sure your tax tables are correct.

## Summary of Year End Processing

### III. FISCAL YEAR END

#### **General Ledger**

A Fiscal Year may be the same as the calendar year or may end on a date other than December 31st. You must perform these functions at the *end* of the Fiscal Year.

You can make transactions to the **General Ledger** for the next Fiscal Year before you close out the previous year. The **General Ledger** keeps transactions separate by their dates. This means you do not need to close the General Ledger until you have the year just closed balanced to your satisfaction.

However, you cannot print *balanced* Financial Statements for the new year until you have closed the General Ledger for the previous year or unless you follow the procedure for "Retaining GL Detail" outlined in the at the end of this summary.

The steps involved in closing this module are:

- **Check Accounting Period (Fiscal Year File)**
  - Leave Year "as is" -- the dates are automatically updated to the new year
- **Print General Ledger for whole year showing all Ledger transactions**  
(Example - Make the date range span the entire year (Ex. 01/01/13 to 12/31/13))
- **Perform "Close Year"** (on the G/L menu).
  - Make sure the closing date shows the year being closed--not the new year.
  - Budgets - you have these options:
    1. Leave Budgets "as is"
    2. Set Budgets to zero
    3. Move Next Year Budget to Current Year

**G/L Data** – both versions 3.2.1 and 4.0 give you the option to retain all your G/L account transactions (full history) for the previous year. This lets you reprint financial statements and research questions because the full years G/L activity can still be viewed and printed, but it does take up more space on your computer system. The choices are:

- Purge G/L Detail
- Preserve G/L Detail (the default)

Select which option you prefer.

- **Update Budgets for New Year** (on the G/L Menu under "Chart of Accounts", select the new "Budget Entry" button on the toolbar at the top of the screen—you will see a spreadsheet interface for entering the new budgets). If you have NOT closed the year in GL yet, enter the Budgets for next year into the "Next Year" Budget—then use option #3 above during the GL Closing to move *Next Years Budgets to the Current Year*. If you have already closed the year in GL and had not yet entered the Budgets for the new year, then enter them into the "Current Year" Budget.

\*\* TOPS automatically books the Net Income/Loss over to the Retained Earnings account (defined in your "G/L Control File". No manual Journal Entry is needed for this step.

## Summary of Year End Processing

### III. FISCAL YEAR END CLOSING

#### A/R & Owner Collections

You do not need to perform any closing procedure here in order to proceed into the new year. You can keep as many years of Owner Payment History as you wish.

The steps involved in closing the "**A/R & Owner Collections**" module are:

- **Change Charge Tables for new Amounts** (*A/R Menu, "Apply Charges" menu tab, "Charge Tables"*).

Optional (you do NOT need to do this unless you want to clear old payment history)

- **Print Payment History Report** (*A/R Menu, "Year End" menu tab, "Print History"*).
- **Purge Owner Payment History Detail** (*A/R Menu, "Year End" menu tab, "Purge Histories"*).

## Retaining GL Detail

### Version 3.1, 3.2.1 & 4.0

If you are using Version 3.1, 3.2.1 or 4.0, then you have the built-in option to retain all the G/L transactions for the year being closed so you would **NOT** need to follow these instructions. Just click the option to "Preserve G/L Detail" when closing the General Ledger for the year.

### Version 3.04 and lower (older)

Follow these steps to retain the General Ledger detail for the year just ended so you can print Financial Statements for the prior year and have the full detail of all General Ledger transactions available to you for looking up activity. You will make a Journal Entry to manually zero out the *TOTAL* of the Income and Expense account balances as of the end of the year putting the offset to a "suspense" account until you are ready to perform the actual Year End Close.

**Note:** Do **NOT** perform the Year End Closing on the G/L menu if you wish to retain the GL Detail for the previous year.

Here are the steps to follow:

- 1) From the General Ledger menu select the "Reports" tab. From the Reports menu select "Income Statement". You want to print the report "as of" the end of the year (Ex. 12/31/13).
- 2) You need to setup a "Suspense Account" in the Chart of Accounts if one does not already exist. We suggest this be the very last number available in the Chart of Accounts. Define it as follows:  
  
99999 Year End Suspense Account Type: Expense (take rest of defaults)
- 3) Find the "Retained Earnings" account # in the G/L Control File. From the General Ledger menu go to "Control Information". Note the "Retained Earnings" account on the screen. You will need this account # to complete the Journal Entry.
- 4) Using the report, you want to make a Journal Entry for the *TOTAL* Year-to-Date Net Income (should be the last figure on the Income/Expense Statement in the YTD column). Date the entry on the *Last* day of the year just ended (Ex. 12/31/13) to (offset) the Income/Expense total at the end of the year.

There are two possible entries, one if the community ends the year with Net Income and the other if the community ends the year with a Net Loss. Here's examples of each entry:

<b>Examples -</b>	<b>12/31/13</b>	<b>12/31/13</b>
	<b>Net Income</b>	<b>Net Loss</b>
Retained Earnings	35000 CR	20000 DB
Suspense	35000 DB	20000 CR

This Journal Entry should be dated the Last day of the fiscal year (Ex. 12/31/13).

- 5) Lastly, you **MUST** make sure that the Year End Suspense account is **NOT** included in the Income/Expense Statement layout or the Net Income/Loss figure will appear as zero (0) if the Income Statement is reprinted for the past year. Make sure the last Expense "range" does **NOT** include the Suspense Account (99999 or 9999) in your Income/Expense Statement layout.

This concludes the steps to keep your General Ledger detail on line for the year just ended but still be able to print financial statements for **BOTH** the past year **AND** the new year.