

Sage 100
Contractor

Sage 100 Contractor 2013 (formerly Sage Master Builder)

Year-End Checklists

sage

NOTICE

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Your fiscal year ends on December 31, so you need to close General Ledger, Payroll, and Accounts Payable.

[Click here](#)

Your fiscal year ends on a date other than December 31, so you need to close only Payroll and Accounts Payable.

[Click here](#)

Your fiscal year ends on a date other than December 31, and it is now time to close your General Ledger books.

[Click here](#)



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Chapter 1: Introduction

About closing the books

Sage 100 Contractor includes separate processes for closing the books:

- A process for closing the general ledger, payroll, and resetting 1099 balances using the Year-End close wizard ([combined fiscal and calendar year-end close](#))
- A process for closing the general ledger only using the Year-End close wizard ([fiscal year-end close](#))
- A process for closing payroll and 1099s only using 5-3-8 Close Payroll Year ([calendar year-end close](#))

For many companies, the fiscal year-end is the same as the calendar year-end on 12/31, while other companies have a fiscal year-end other than 12/31. Throughout this document we provide steps for both your fiscal year-end and your calendar year-end.

How do fiscal years and calendar years differ?

The end of your fiscal year is determined by your company. Year-end processes vary depending on whether or not your fiscal year-end matches the calendar year-end.

Closing the general ledger, payroll, and resetting 1099 balances


If your fiscal year-end is 12/31, you close the fiscal year in **1-6 Audit/Close Books** and the payroll year in **5-3-8 Close Payroll Year**. When your fiscal and calendar years are the same, you can create one set of year-end backups and a single archive. To create a single archive, you must be prepared to close in **1-6 Audit/Close Books** and **5-3-8 Close Payroll Year** at the same time. If you enter transactions after you close in **1-6 Audit/Close Books**, but before you close in **5-3-8 Close Payroll Year**, you must create separate backups and archives.

Closing the general ledger only

If your fiscal year-end is any date other than 12/31, then you close the year in **1-6 Audit/Close Books** at your fiscal year-end and then close the payroll year in **5-3-8 Close Payroll Year** on 12/31. Create backups and archives during each close year process. Your fiscal year archive contains all accounting data and payroll records to that point in time. Your calendar year archive contains the complete payroll data and all accounting data to that point in time. To print a report with prior year data, select the appropriate archive.

Closing payroll and resetting 1099 balances only

Close the payroll year in **5-3-8 Close Payroll Year** on 12/31. Create backups and archives during each close year process. Your fiscal year archive contains all accounting data and payroll records to that point in time. Your calendar year archive contains the complete payroll data and all accounting data to that point in time. To print a report with prior year data, select the appropriate archive.

 **IMPORTANT:** If you enter transactions in between closing in **1-6 Audit/Close Books** and **5-3-8 Close Payroll Year**, you must create separate sets of year-end backups and archives. Only you can determine how many sets of year-end backups and archives are necessary.

Prepare and plan for the close process

Closing your fiscal and calendar years can be a hectic time. Planning and preparation can help to make the close process much easier. Remember to plan enough time for learning about or refreshing your knowledge about the closing process before you begin.

To keep your ledgers current, accurate, and ready for year-end close, audit and close your books monthly. Several weeks before you plan to close the year, run an audit. This is important for both your fiscal and calendar years as it provides you time to resolve any errors that exist. After you resolve any audit errors and before closing the year, make at least two backups of your data for your permanent records.

The time required to close your year depends on many factors, such as the size of your company, any audit errors, and any accounting adjustments. If all of the following conditions are true, you may be able to close your year in a few hours:

- you have already prepared backups
- you have been keeping up with accounting period audits
- you only have repairable period audit errors

What is a company archive?

Over the course of a year, the accounting and payroll databases grow as you enter records. Like a manual accounting system where you might move the previous year's records to storage boxes or a storage facility, you can move Sage 100 Contractor records to an archive file.

When you close your books, it is important that you create a mirror image of your data for tax reporting purposes. This is referred to as your company archive or archive directory. It is a duplicate copy of your existing company data up to the point when you create it.

The company archive resides on the same drive as the active company. With an archive of the previous accounting year on the same drive as the active company, you can simultaneously post to period 0 in the active company and period 12 in the company archive.

When closing and I don't have enough hard disk drive space to create an archive company, what can I do?

To create an archive when closing, you must have enough space on your hard disk drive for the archive to reside on the same drive as the active company. If you do not have the necessary space on that hard disk drive but need to close, you can manually copy the data to another hard disk drive, CD, or DVD. Call Technical Support for assistance in closing your books without creating an archive company.

When do I create the company archive?

You can only make a company archive during the process of closing the books at the year-end. When you archive records for a company, Sage 100 Contractor copies all the data from the active company to a separate file. Sage 100 Contractor then removes the records you have selected from the active company to prepare it for the new fiscal or payroll year. The archive company is created during the [Close Year in Closing the Books](#) step in the year-end wizard.

Where in the program do I create a company archive?

Company archives can be created from two menu options: **1-6 Change Period/Close Year** or **5-3-8 Close Payroll Year**. Deciding which of the options you should use to create your archive directory depends on whether you base your company's tax reporting schedule on the calendar year or fiscal year. If you close both payroll and general ledger at the same time, only one archive company is created. If you close payroll and general ledger at different times, separate archive companies are created.

What about data backup?

To prevent loss of data, we highly recommend that you make two backups of the company data before creating the company archive and closing the books. Remember that the backups are your permanent records, and therefore we recommend that you always store one copy offsite for added security. After creating the company archive, review it to make certain that all records were copied correctly. If you find that the archive is incomplete, restore a backup, close the year, and create a new archive.

How does Sage 100 Contractor handle audit errors?

Every time you close a period, and when you close the fiscal year, Sage 100 Contractor audits all transactions to verify that complete and balanced transactions support each account balance. If any transactions are out of balance, you are prompted to print an audit report. The audit report provides information you can use to resolve the errors.


Audit errors that refer specifically to periods contain the word "Period" in the row. You can resolve most period audit errors by recalculating the ledger balances: open **1-6 Change Period/Close Year > Recalculate Balances**, then **Recalculate Balances** again.

Any remaining audit errors require assistance from Sage Customer Support. You can contact us at 800-866-8049. Be prepared to provide your company name, telephone number, and the company contact person. A Sage Customer Support analyst may request additional reports to help determine the cause and resolution of the error.

What about entering transactions?

Until you close the fiscal year, you cannot enter any transactions for the new fiscal year. Your accounting should be as complete as possible before closing, but do not delay closing the books for a few adjustments. You can enter adjustments for the prior year after closing the year by posting to period 00-Prior Year. Unnecessary delays can place you behind in beginning your accounting work in the new fiscal year.

After creating the archive, Sage 100 Contractor removes all ledger transactions and rolls over the ending balances for jobs, vendors, service clients, and equipment into the beginning balances for the new fiscal year. For ledger accounts, Sage 100 Contractor rolls over the ending balances for permanent accounts (also known as Balance Sheet accounts) to become the beginning balances for the new fiscal year. All period balances roll over becoming balances in the Last Year column. Income and expense balances roll into the Retained Earnings account beginning balance. Income and expense accounts are temporary accounts and start the year with zero balances.

 **IMPORTANT:** The Owner's Draw account is the only temporary account whose balance Sage 100 Contractor does not reset to zero. To clear the Owner's Draw account, post an adjusting journal entry to period 00-Prior Year in the new fiscal year, debiting the Owner's Equity account and crediting the Owner's Draw account.

The archive contains all the company data you have entered up to the point when you create the archive. With an archive on your hard drive, you can post adjustments to the beginning balances in the active company and to the ending balances in the archive. You can also run all preliminary and final financial reports from the archive.



Chapter 2: Fiscal Year-End close wizard

What happens when you click Close Fiscal Year?


During fiscal year-end closing, Sage 100 Contractor audits your accounting records to verify that valid, balanced transactions support the account balances. It then copies the data in the active company to an archive directory on the same hard drive. If no errors are present, Sage 100 Contractor removes transactions for the closing year and prepares the balances for the new fiscal year.

The archive contains all the company data you have entered up to the point when you create the archive. With an archive on your local workstation or server, you can post adjustments to the beginning balances in the active company and to the ending balances in the archive. You can also process all preliminary and final financial reports from the archive.

After creating the archive, Sage 100 Contractor closes the fiscal year, which removes all ledger transactions. Ending balances for jobs, vendors, service clients, and equipment are rolled forward into the beginning balances for the new fiscal year.


- For ledger accounts, Sage 100 Contractor rolls over the ending balances for permanent accounts to become the beginning balances for the new fiscal year.
- All period balances roll over becoming balances in the Last Year column.
- Income and expense balances roll into the Retained Earnings account beginning balance.
- Income and expense accounts are temporary accounts and start the year with zero balances.

Closing the accounting at the fiscal year-end provides you with the opportunity to remove old job files. You can elect to remove job records assigned status **6-Closed** or **2-Refused**. Unless all invoices and credit memos are in paid or void status, Sage 100 Contractor does not remove them. Jobs must be fully invoiced and completely paid before Sage 100 Contractor will remove them.

 **TIP:** Consider leaving jobs at status **5-Complete** for an additional year. The jobs will not be removed. If you get more work on the same job, you can set the status to **3-Contract** without having to set up the job again.

Before You Begin Closing the Books

The books must be closed before making entries for the new year. Sage 100 Contractor will guide you step-by-step through the closing process.

 **IMPORTANT:** This year-end wizard is used after the [preparation for closing the general ledger year](#) or [preparation for closing the general ledger year, payroll year, and resetting 1099 balances](#). This insures that all issues are taken care of prior to finalizing the close books process.

Overview of Close Books for Fiscal Year process

Please allow time to proceed through the process in its entirety for each company you keep on Sage 100 Contractor. The length of time it takes to complete each company will vary. The company data you are closing is preserved in a company archive for future access. After closing your company, the company file is prepared for the next fiscal year. If you choose to

close both general ledger and payroll, Sage 100 Contractor creates only one company archive containing both payroll and general ledger data.

Preparation:

The following tasks are performed during the Preparation step:

- Rebuild Indexes
- Search for unprinted checks
- General ledger audit
- Inventory audit (conditional)
- Payroll Audit (conditional)
- Create temporary backup

If issues are found or errors are encountered, the process stops and the text on this button changes to **[Resume Preparation]**. Click **[Resume Preparation]** to continue running subsequent tasks to see if there are additional items that require your attention.



NOTE: General ledger audit errors must be fixed before you can proceed with closing. Exit the wizard and contact Technical Support to fix the errors before you proceed with year-end close.

Payroll Option:

If your fiscal year ends on 12/31, you can choose to also close payroll during the close books process.

- If you choose to select the Close both the accounting fiscal year and the payroll year together option, you will have the option to select employees for removal after the books are closed in the Payroll Maintenance step of the Close Books wizard.
- If you choose to select the Close only the accounting fiscal year option, the Payroll Maintenance step of the Close Books wizard is skipped.

General Maintenance:

You can select one or more of the following options to be performed on the database after closing the books.

- Remove jobs with Closed or Refused status, and all related records.
- Remove payable invoices with Paid or Void status and no Job #.
- Remove service invoices with Paid, Completed, or Void status (option not displayed if you do not have service invoices)
- Remove purchase orders with Closed status and no Job #
- Reset vendor 1099 balances (option is not displayed if your fiscal year-end is not 12/30 or 12/31)

Payroll Maintenance:

If your payroll year is the same as the fiscal year, and you elected the Close both the accounting fiscal year and the payroll year together option in the Payroll Option step of the wizard, this step allows you to select the employees you'd like to remove from the database after closing the books.

Close Year:

The following tasks are performed during this step in the wizard.

- Create company archive
- Close books for fiscal year
- Close payroll for calendar year (conditional)
- Perform maintenance tasks: All the maintenance tasks selected on the General Maintenance and Payroll Maintenance are done here. A “View results” link appears to the right of the maintenance task when it runs successfully. Clicking this link displays a message with summary information about the tasks that were performed. (conditional)
- Rebuild indexes

Finished:

- **Create backup of the company archive:** When backing up your data, be sure to make a full backup and not an incremental or differential backup. An incremental or differential backup only records alterations to the data since the last backup.
- **Update payroll calculations (if also closing payroll):** Update any state or local payroll calculations, as needed, in 5-3-1 Payroll Calculations. Delete calculations that will no longer be used. After adjusting the default rates and default maximums for a payroll calculation, save the calculation, recall the calculation, and select the appropriate option for your employees under Options > Update Employees.



NOTE: If you have variable rates on your payroll calculations, don't update your employee rates from **5-3-1 Payroll Calculations**. Calculations that involve different rates per employee need to be updated in each employee's record on the Calculations tab of **5-2-1 Employees**.

- **Make changes to existing general ledger accounts:** You can make prior year adjustments by posting transactions to period 00 - Prior Year and selecting Yes to the message about posting to the archive.
 - Transactions posted to period 00 - Prior Year update the ending balance in your archive company and the beginning balance in your current company.
 - Prior year adjustments posted to income and expense accounts update (1) the income and expense accounts in the archive to period 12, and (2) the Retained Earnings account in the current year in period zero(0).
- **Change security in the archive company:** If required, change security in the archive company by changing the rights of all user groups in 7-3-1 Security Groups to No for Save, Delete, Void, Change Period, and Print Checks. This prevents users from accidentally saving or printing records in the archive.

Before You Begin

Before starting, you should ensure that your accounting and payroll systems are as up to date as possible. While most entries can be automatically added to the closed year while posting to Period 0 in the new year, it is more effective to be as current as possible before closing.

If you do not process payroll within Sage 100 Contractor, you must close the general ledger, but you do not need to close payroll.

Preparation for Closing the Books

The following tasks are performed during this step in the wizard.

- Rebuild Indexes
- Search for unprinted checks


- General ledger audit
- Inventory audit (conditional)
- Payroll Audit (conditional)
- Create temporary backup

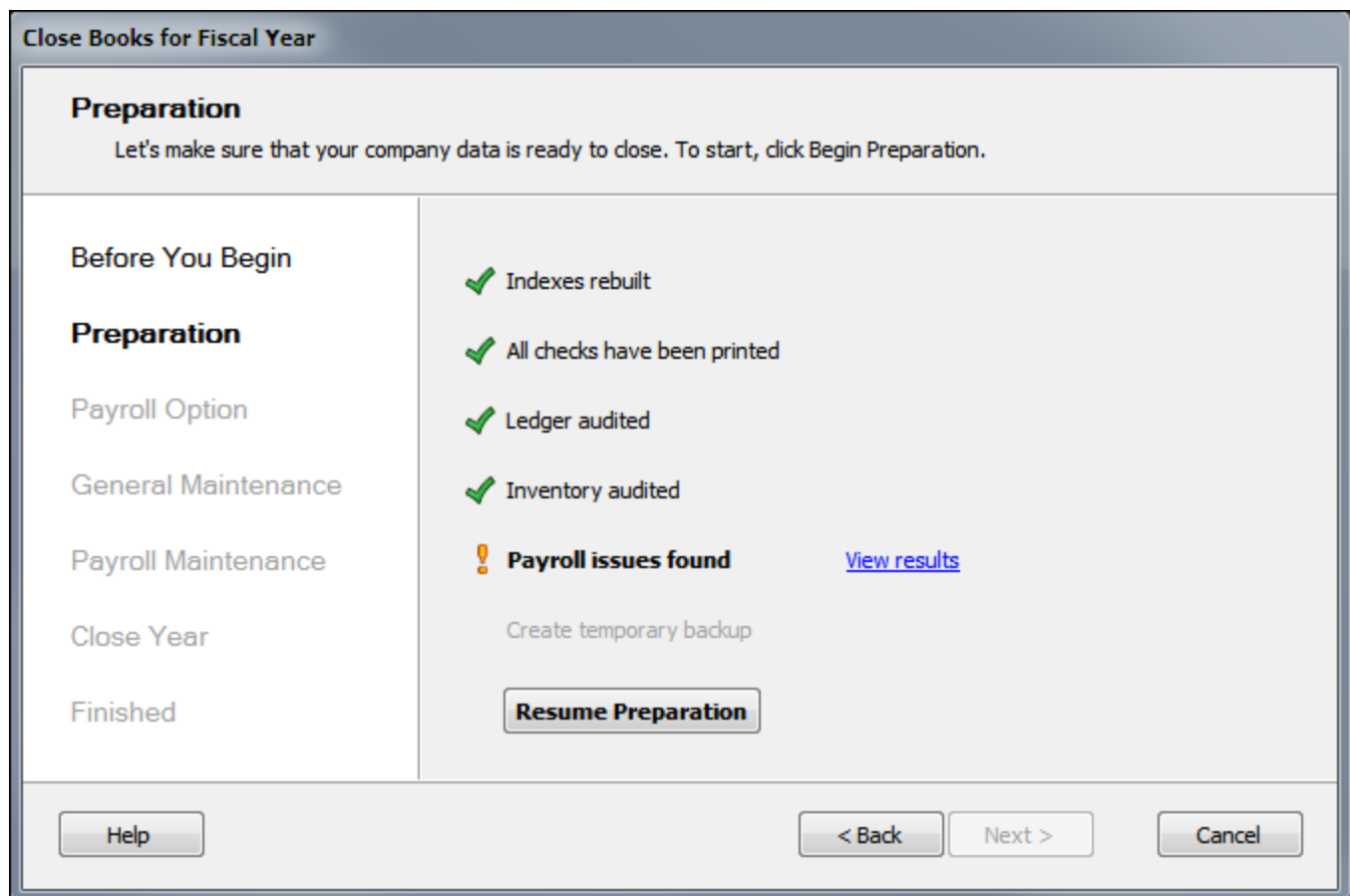
When completed, each task displays one of the following icons:

- The green ✓ icon indicates that the task ran successfully.
- An orange ! icon indicates that the task has issues that should be reviewed before continuing.
- A red ✗ icon indicates that the task “failed” and you cannot close the books until the issue is resolved.


To begin preparation:

1 Click **[Begin Preparation]** to start performing all the tasks on this page.

 **NOTE:** If issues are found or errors are encountered, the process stops and the text on this button changes to **[Resume Preparation]**. Click **[Resume Preparation]** to continue running subsequent tasks to see if there are additional items that require your attention.



2 Once all tasks have been completed without errors, click **[Next]**.

 **NOTE:** While Sage 100 Contractor does create a temporary backup in this wizard step, you should always create the two backups suggested in the [Before You Begin Closing the Books](#) help topic.

Issue - Search for unprinted checks

This task searches for checking account transactions that have "0000" as the Transaction #, which may indicate that this check entry was never printed. If any such transaction records are found, click **[View Results]** to see the records in a grid.

- If it is an unprinted check (a physical check needs to be produced for this transaction), you'll need to exit the wizard, go to **1-1 Checks/Bank Charges**, and print the check(s).
- If this check was printed but just needed the Transaction # assigned, drill down to the transaction record and enter the appropriate Transaction #.
 - After making all needed corrections, click **[Try Again]** to run this task again.

Issue - Ledger audit

The wizard will not continue if audit errors are found. Click the **[View Results]** link for an audit report, then cancel out of the wizard to resolve the audit errors.

Issue - Inventory Audit (if Inventory data exists)

If there are no audit errors but the total value of parts does not match the ledger balance for the Inventory account, you can post an adjusting entry for the difference.

Issue - Payroll audit (if Payroll data exists)

This task searches for uncomputed records, unposted records, and quarter number/check date mismatches. If any payroll issues are found, click **[View Results]** to see the results. You can print an audit report, which lists the issue and Transaction #.

Payroll Option for Closing the Books

If your fiscal year ends on 12/31, you can choose to also close payroll during the close books process.

If you choose to select the **Close both the accounting fiscal year and the payroll year together** option, you will have the option to select employees for removal after the books are closed in the Payroll Maintenance step of the Close Books wizard.

Close Books for Fiscal Year

Payroll Option
Choose whether to close the payroll year along with accounting, or just the accounting year.

<p>Before You Begin</p> <p>Preparation</p> <p>Payroll Option</p> <p>General Maintenance</p> <p>Payroll Maintenance</p> <p>Close Year</p> <p>Finished</p>	<p>If you're ready to close the payroll year now, you can do both together. You'll end up with a single archive that contains all your company data if you choose to close both payroll and accounting together.</p> <p>Choose to close only the accounting year now if you already closed payroll, are not yet ready to close payroll, or just prefer to have separate archives for payroll and accounting data.</p> <p><input checked="" type="radio"/> I want to close both the accounting fiscal year and the payroll year together. This produces a single archive that contains both accounting and payroll data.</p> <p><input type="radio"/> I want to close only the accounting fiscal year. (I already closed, or am going to close, the payroll year separately.) This produces an accounting archive that's separate from the payroll archive.</p>
---	--

Help < Back Next > Cancel

If you choose to select the **Close only the accounting fiscal year** option, the Payroll Maintenance step of the Close Books wizard is skipped.

Close Books for Fiscal Year

Payroll Option
Choose whether to close the payroll year along with accounting, or just the accounting year.

Before You Begin	<p>If you're ready to close the payroll year now, you can do both together. You'll end up with a single archive that contains all your company data if you choose to close both payroll and accounting together.</p> <p>Choose to close only the accounting year now if you already closed payroll, are not yet ready to close payroll, or just prefer to have separate archives for payroll and accounting data.</p> <p><input type="radio"/> I want to close both the accounting fiscal year and the payroll year together. This produces a single archive that contains both accounting and payroll data.</p> <p><input checked="" type="radio"/> I want to close only the accounting fiscal year. (I already closed, or am going to close, the payroll year separately.) This produces an accounting archive that's separate from the payroll archive.</p>
Preparation	
Payroll Option	
General Maintenance	
Payroll Maintenance	
Close Year	
Finished	

Help < Back Next > Cancel

To close payroll outside the Close Books wizard, see the [Payroll Close for calendar year-end close](#) help topic.

General Maintenance for Closing the Books

You can select one or more of the following options to be performed on the database after closing the books.

- Remove jobs with Closed or Refused status, and all related records.
- Remove payable invoices with Paid or Void status and no Job #.
- Remove service invoices with Paid, Completed, or Void status
 - Option not displayed if you do not have service invoices
- Remove purchase orders with Closed status and no Job #
- Reset vendor 1099 balances
 - Option not displayed if your fiscal year-end is not 12/30 or 12/31

When Sage 100 Contractor removes a job record, it also removes job-related records, including schedules, job costs, takeoffs, progress billing, time and materials setup, closed purchase orders, subcontracts, change orders, budgets, proposals, and accounts payable and receivable invoices assigned status **4-Paid** or **5-Void**.



NOTE: Sage 100 Contractor does not remove a closed job unless the job has a \$0 balance and all invoices and credits have been assigned status **4-Paid** or **5-Void**.

If you select the **Remove service invoices with Paid, Completed, or Void status dated prior to** or **Remove purchase orders with Closed status and no Job # dated prior to** options, you must provide a date in the date field before clicking **[Next]**.

The screenshot shows a software window titled "Close Books for Fiscal Year". The main heading is "General Maintenance" with the instruction "Choose maintenance tasks to be performed on your company data for the next year." On the left is a vertical navigation pane with options: "Before You Begin", "Preparation", "Payroll Option", "General Maintenance" (highlighted), "Payroll Maintenance", "Close Year", and "Finished". The main area contains five checked checkboxes with associated text and date fields:

- Remove jobs with Closed or Refused status, and all related records.
- Remove payable invoices with Paid or Void status and no Job#.
- Remove service invoices with Paid, Completed, or Void status dated prior to
- Remove purchase orders with Closed status and no Job# dated prior to
- Reset vendor 1099 balances.

At the bottom are buttons for "Help", "< Back", "Next >", and "Cancel".

Payroll Maintenance for Closing the Books

If your payroll year is the same as the fiscal year, and you elected the **Close both the accounting fiscal year and the payroll year together** option in the Payroll Option step of the wizard, this step allows you to select the employees you'd like to remove from the database after closing the books.

To remove employees:

- 1 Select an employee status option to display all the employees with that status.
- 2 Select one or more employees by selecting the checkbox next to the applicable employee(s).
- 3 Click **[Verify Employee Removal]**.

Close Books for Fiscal Year

Payroll Maintenance
Choose to remove employees from your company data that are no longer needed.

Before You Begin

Preparation

Payroll Option

General Maintenance

Payroll Maintenance

Close Year

Finished

Select an employee status option to display all employees with that status, then check those employees that you want removed from the database.

Laid Off
 Quit
 Terminated
 Deceased

ID #	Last Name	First Name	MI
<input checked="" type="checkbox"/> 1	Smith	Robert	A

Verify Employee Removal

- 4 If any selected employee(s) should be retained in the database, Sage 100 Contractor displays a dialog box recommending that you do not remove these employees at this time. Click **[OK]**.
 - a Click the **[View Results]** link to see the list of employees and their status.
 - b Click **[Yes]** to keep the employee(s) in the database or click **[No]** to continue removing the employee(s) from the database.
 - c If you click **[Yes]** to keep the employee(s) in the database, the employee(s) will automatically be unselected in the wizard.
- 5 If the selected employee(s) are okay to be safely removed from the database, Sage 100 Contractor displays "✔ Selected employees can be safely removed" in the window.

Close Books for Fiscal Year

Payroll Maintenance
Choose to remove employees from your company data that are no longer needed.

Before You Begin

Preparation

Payroll Option

General Maintenance

Payroll Maintenance

Close Year

Finished

Select an employee status option to display all employees with that status, then check those employees that you want removed from the database.

Laid Off
 Quit
 Terminated
 Deceased

ID #	Last Name	First Name	MI
<input checked="" type="checkbox"/> 1	Smith	Robert	A

Selected employees can be safely removed

6 Click **[Next]**.

7 If you have selected to remove employees that are referenced on other records, click **[Yes]** to confirm you want to continue.

Close Year in Closing the Books

The following tasks are performed during this step in the wizard.

- Create company archive
- Close books for fiscal year
- Close payroll for calendar year (conditional)
- Perform maintenance tasks: All the maintenance tasks selected on the General Maintenance and Payroll Maintenance are done here. A “View results” link appears to the right of the maintenance task when it runs successfully. Clicking this link displays a message with summary information about the tasks that were performed. (conditional)
- Rebuild indexes

IMPORTANT: The Next button is enabled only when all tasks have been completed successfully.

To close the year:

1 Enter a name for the company archive in the **Enter name for the company archive** textbox. The textbox cannot contain any special characters.



NOTE: If the archive folder already exists, it must be empty. Click **[Yes]** to continue closing the year or click **[No]** to go back to the window.

2

A progress bar shows next to each task as it is running.

When completed, each task displays one of the following icons:

- The green ✓ icon indicates that the task ran successfully.
- An orange ! icon indicates that the task has issues that should be reviewed before continuing.
- A red ✗ icon indicates that the task “failed” and you cannot continue until the issue is resolved. Click **View Results** link to display detailed information about the error.

3 Click **[Next]** to finish closing the books.

Close Books for Fiscal Year

Close Year
Now let's actually close the year. Enter an archive name and click Close Year.

Before You Begin

Enter name for company archive

✓ Company archive created

✓ Fiscal year closed

✓ Payroll year closed

✓ Maintenance tasks complete [View results](#)

✓ Indexes rebuilt

Finishing the Closing the Books wizard process

Create backup of the company archive

When backing up data as part of the year-end close process, it is important to count the number of files and folders in your company.

- 1 In Windows Explorer, right-click the company folder and select **Properties**.
- 2 On the **Properties** window, the **General** tab, look in the list for the **Contains** line for the number of files and folders.

Write this number down so that you can refer to it after you have made the two copies. The number of files and folders have to be exactly the same in both the company and the backup copy.



NOTE: If you are working across a network, you must remember to back up company folders, report folders, and form folders that reside at the server.

We strongly recommend that you back up:

- o Each company folder that contains financial data (MB7\your company\)
- o The **Custom Reports** folder (MB7\Custom Reports)
- o The **Report Forms** folder (MB7\Report Forms)
- o The **System Reports** folder (MB7\System Reports)

Caution!

When backing up your data, be sure to make a full backup and not an incremental or differential backup. An incremental or differential backup only records alterations to the data since the last backup.

Update payroll calculations (if also closing payroll)

Update any state or local payroll calculations, as needed, in **5-3-1 Payroll Calculations**. Delete calculations that will no longer be used. After adjusting the default rates and default maximums for a payroll calculation, save the calculation, recall the calculation, and select the appropriate option for your employees under **Options > Update Employees**.



IMPORTANT: If you have variable rates on your payroll calculations, don't update your employee rates from **5-3-1 Payroll Calculations**. Calculations that involve different rates per employee need to be updated in each employee's record on the Calculations tab of **5-2-1 Employees**.

Make changes to existing general ledger accounts

You can make prior year adjustments by posting transactions to period 00 - Prior Year and selecting Yes to the message about posting to the archive.

- Transactions posted to period 00 - Prior Year update the ending balance in your archive company and the beginning balance in your current company.
- Prior year adjustments posted to income and expense accounts update (1) the income and expense accounts in the archive to period 12, and (2) the Retained Earnings account in the current year in period zero(0).

The Owner Draw account is the only temporary account whose balance Sage 100 Contractor does not reset to zero. To clear the Owner Draw account, post an adjusting journal entry to period 0 in the new fiscal year, debiting the Owner Equity account and crediting the Owner Draw account.

Change security in the archive company

If required, change security in the archive company by changing the rights of all user groups in **7-3-1 Security Groups** to **No** for **Save, Delete, Void, Change Period, and Print Checks**. This prevents users from accidentally saving or printing records in the archive.




NOTE: By setting Groups to **No**, reports can still be printed, but checks cannot be printed. Then each user will have access to everything they had access to before closing. They will be able to print reports but only view checks.



Chapter 3: Closing the General Ledger, Payroll, and Resetting 1099 Balances


Preparation for closing the General Ledger, Payroll, and Resetting 1099 Balances

The following instructions assume that these steps are performed at the Sage 100 Contractor server location. Sage 100 Contractor strongly recommends this method because it avoids network irregularities that can disrupt the closing process.

 **IMPORTANT:** You must have exclusive access to your company file to perform these steps.

Each task listed below should be completed in preparation for a combined fiscal year-end and calendar year-end close. Resolve audit errors as found during each step.

- [Verify Posting Period](#)
- [Backup and verification](#)
- [Record counts](#)
- [Inventory audit \(optional\)](#)
- [Verify checks](#)
- [Job status and removal](#)
- [Payroll Audit](#)
- [Reconcile quarterlies](#)
- [Employee status and removal](#)
- [Verify vendor information](#)
- [Print reports for after-close verification](#)

 **NOTE:** These steps assume you will not have your bank statement before you close your books. If you have your bank statement, you may complete your bank reconciliation before you close your books in the current company or after you close your books in the new company file. If you do your bank reconciliation after you close your books in the new file, the archive file is not updated. If you want the archive file updated, you will need to do the bank reconciliation again in your archive.

Verify Posting Period

In **1-6 Change Period/Close Year > Change Period**, the posting period must be set to **Period 12**.

Backup and verification

Back up and validate your company file by following your regular backup and verification procedures.

Record Counts

The following record counts will be used for verification purposes after the books have been closed. On the following windows, select **File > Count** and write down the record number counts:

- **1-3 Journal Transactions**
- **3-2 Receivable Invoices/Credits**
- **4-2 Payable Invoices/Credits**
- **5-2-2 Payroll Records**
- **6-3 Job Costs**
- **11-2 Work Orders/Invoices/Credits**, if you use Service Receivables

Inventory Audit (optional)

If you use inventory, open **12-5 Inventory Audit**, click **Audit**.

Verify checks

Verify that there are no unprinted checks.

To find and resolve unprinted checks:

- 1 Open **2-5 General Journals**.
- 2 Print the **2-5-21 General Journal** report with the following settings:
 - a In the **Account** box, use the range for all cash accounts listed in **1-8 General Ledger Setup**.
 - b In the **Trans#** box, select **Equal**, and type 0000.
 - c In the **Credit** box, select **Greater or =**, and type \$0.01.
- 3 If the transaction is an unprinted check, open **1-1 Checks/Bank Charges** and click the **Print Records** button to print the check if desired. If you don't need to print a check, open **1-3 Ledger Transactions**, and change the **Trans#** to anything other than 0000.



NOTE: If it is a **Source 16-Payroll**, click on the **Go To Source** button to change the **Check#**. It's highly unusual that the check number would have been changed to 0000 unless the paycheck had to be reprinted immediately.

Job status and removal

Verify that the status on each job in **3-5 Jobs (Accounts Receivable)** is correct. Any job that should be removed at year-end must have a status of **6-Closed** or **2-Refused**.

NOTE: If you need to change several jobs' statuses to **6-Closed**, you can use a Picklist window to close multiple jobs at once. To access this command, open **3-5 Jobs (Accounts Receivable)** and select **Update > Closed Status**.

Payroll Audit

Open **5-3-7 Payroll Audit**, and click **Audit**.

NOTE: If Payroll is outsourced, it is okay to close with payroll audit errors.



IMPORTANT: If there are audit errors, resolve them before continuing.

Period Audit Errors

Some audit errors refer specifically to periods. If period audit errors exist, the **Audit** report displays them prominently. For example, a period audit error will contain the word **Period** in the row.

You can resolve most period audit errors by recalculating the ledger balances. To recalculate the ledger balances, open **1-6 Change Period/Close Year > Recalculate Balances**, and then click **Recalculate Balances**.

Audit Errors Requiring Customer Support Assistance to Repair

Any remaining audit errors cannot be repaired by clicking **Recalculate Balances** on **1-6 Change Period/Close Year > Recalculate Balances**. These audit errors might originate in accounts receivable, jobs, vendors, service clients, equipment, or other areas of the program where transactions originate.

Caution!

Resolving remaining audit errors after a repair requires assistance from Customer Support. You can contact them at 800-866-8049. Be prepared to provide your company name, telephone number, and the company contact person. At that time, a Customer Support technician may request additional reports to help determine the cause of the error.

Additional audit error reports are now included with Sage 100 Contractor to assist Customer Support technicians in identifying the transaction sources of audit errors.

Reconcile quarterlies

- Reconcile quarterlies.


Employee status and removal

- Review employee statuses in **5-2-1 Employees**, and change employee statuses as needed.

If you want to remove employees, they must have a status of **Quit**, **Laid Off**, **Terminated**, or **Deceased**.

Verify vendor information

- Verify **Vendor Tax ID** and **Vendor 1099 Types** by printing the **4-1-1-61 Vendor 1099** report.

 **IMPORTANT:** Be sure to verify that the tax ID for each vendor is correct. For more information, see the Help topic, **About 1099 types**.

- Verify 1099 balances using the **4-1-5-21 Vendor Payment** report by date.

Print reports for after-close verification

- Print the following reports that will be used for verification purposes after the books have been closed:
 - **2-2-21 Balance Sheet** report for period 12
 - **2-3-21 Income Statement** report for periods 1 through 12
 - **3-1-3-26 AR Invoice Aging** report for period 12
 - **4-1-3-26 AP Invoice Aging** report for period 12
 - **5-1-2-41 Payroll Check Register** report with totals for status equal to **3-Posted**
 - **6-1-6-21 Job Cost Totals** report for periods 1 through 12
 - **11-1-3-26 Service Invoice Aging** report for period 12, if you use Service Receivables

Using the Year-End close wizard to close GL, Payroll, and Reset 1099 Balances


After you've gone through the [preparation for closing the general ledger year, payroll year, and resetting 1099 balances](#), use the year-end close wizard to easily close your books.

To use the year-end wizard to close the general ledger year, payroll year, and reset 1099 balances:

- 1 Make two backups of your company data.
- 2 Open **1-6 Change Period/Close Year**.
- 3 Click [**Close Books for Fiscal Year**].
- 4 Click [**Next >**].
- 5 Click [**Begin Preparation**] to start performing all the tasks.



NOTE: If issues are found or errors are encountered, the process stops and the text on this button changes to [**Resume Preparation**]. Click [**Resume Preparation**] to continue running subsequent tasks to see if there are additional items that require your attention.

- a If the search finds unprinted checks, click the View results link.
 - i If the check was printed but just needed the Transaction # assigned, drill down to the transaction record and enter the appropriate Transaction #, save the record, and click [**Try Again**] to resume preparation tasks.
 - ii If it is an unprinted check (a physical check needs to be produced for this transaction), exit the wizard by clicking [**Cancel**], go to **1-1 Checks/Bank Charges**, and print the check(s). Then start the wizard again.
 - b The wizard will not continue if audit errors are found in the general ledger, payroll, or inventory audits. Click the [**View Results**] link for an audit report, then cancel out of the wizard to resolve the audit errors.
- 6 Once preparation is complete and all tasks have a  symbol, click [**Next >**].
 - 7 Choose the **I want to close both the accounting fiscal year and the payroll year together** option.
 - 8 Click [**Next >**].
 - 9 Select the maintenance tasks to be performed on the company during the close process.
 - a **Remove jobs with Closed or Refused status, and all related records:** When Sage 100 Contractor removes a job record, it also removes job-related records, including schedules, takeoffs, progress billing, time and materials setup, closed purchase orders, subcontracts, change orders, budgets, proposals, and accounts payable and receivable invoices assigned status **4-Paid** or **5-Void**. Sage 100 Contractor does not remove a closed job unless the job has a \$0 balance and all invoices and credits have been assigned status **4-Paid** or **5-Void**.
 - b **Remove payable invoices with Paid or Void status and no Job#:** Sage 100 Contractor removes all payable invoices with **4-Paid** or **5-Void** status and no Job#.
 - c **Remove service invoices with Paid, Completed, or Void status dated prior to:** If you select this option, you must provide a date in date field before clicking [**Next >**]. This option is not available if the [Service Receivables module](#) is not installed.
 - d **Remove purchase orders with Closed status and no Job # dated prior to:** If you select this option, you must provide a date in the date field before clicking [**Next >**].
 - e **Reset vendor 1099 balances:** This is option is selected by default.
 - 10 Click [**Next >**].

11 Select an employee status option (Laid Off, Quit, Terminated, Deceased) to display all employees with that status, then check those employees that you want removed from the database.

12 Click **[Verify Employee Removal]**.

- a If any selected employee(s) should be retained in the database, Sage 100 Contractor displays a dialog box recommending that you do not remove these employees at this time. Click **[OK]**.
 - i Click the **[View Results]** link to see the list of employees and their status.
 - ii Click **[Yes]** to keep the employee(s) in the database or click **[No]** to continue removing the employee(s) from the database.
 - iii If you click **[Yes]** to keep the employee(s) in the database, the employee(s) will automatically be unselected in the wizard.
- b If the selected employee(s) are okay to be safely removed from the database, Sage 100 Contractor displays "✔ Selected employees can be safely removed" in the window.

13 Click **[Next]**.

14 If you have selected to remove employees that are referenced on other records, click **[Yes]** to confirm you want to continue.

15 Enter a name for the company archive in the **Enter name for the company archive** textbox. The textbox cannot contain any special characters. If the archive folder already exists, it must be empty. Click **[Yes]** to continue closing the year or click **[No]** to go back to the window.

16 Click **[Close Year]**.

17 A progress bar shows next to each task as it is running. When completed, each task displays one of the following icons:

- The green ✔ icon indicates that the task ran successfully.
- An orange ! icon indicates that the task has issues that should be reviewed before continuing.
- A red ✘ icon indicates that the task "failed" and you cannot continue until the issue is resolved. Click **View Results** link to display detailed information about the error.

18 Click **[Next >]** to finish closing the books.

19 Click **[Close]**.

Verification tasks after closing

After finishing the close process, you can verify a successful by doing the following tasks.


Verification tasks in the new company

- Open **1-3 Journal Transactions**, select **File > Count**, and verify that you find zero records.
- Open **3-5 Jobs (Accounts Receivable)**, and verify that the jobs you selected to be removed have been removed.
- Open **5-2-2 Payroll Records**, select **File > Count** and verify that you find zero records.

Verification tasks in the archive company

- In the company archive, compare the record count and reports in the company archive to verify a valid close.

If the record count and job removal do not match what was expected, there was a problem during the close process. Restore the most recent backup made before closing the general ledger and re-close by starting with the [General Ledger close](#) steps.

 **IMPORTANT:** If a backup needs to be restored, and the file re-closed, delete the archive file that was created and the current company file as they are not valid or correct files.

New Accounting Year Preparation and After Closing Tasks

Install year-end tax update

Install the year-end tax update included in the software notice.


Rebuild indexes


When you open your current company for the first time, you will be prompted to rebuild indexes. Click **Start** to rebuild all tables.

Update payroll calculations

Update any state or local payroll calculations, as needed, in **5-3-1 Payroll Calculations**. Delete calculations that will no longer be used or update rates if required.

Adjust the **Default Max** to the correct maximums for the selected **Max Type**. Save the calculations, recall the calculations, and select **Options > Update Employees > ALL Employees**.

 **IMPORTANT:** Updating employee calculations using **5-3-1 Payroll Calculations > Options > Update Employees** for calculations that involve different rates per employee can cause values to be reset to zero. For example, updating the employee 401 (k) maximum will cause this to happen because the setting varies per employee. If you have variable rates on your payroll calculations, don't update your employee rates from **5-3-1 Payroll Calculations**. Calculations that involve different rates per employee need to be updated in each employee's record on the Calculations tab of **5-2-1 Employees**.

 **NOTES:** Maximums for the new year can be found by searching on the topic at <http://www.irs.gov/>.

The **Default Max** may need to be updated manually with employees who are having wages garnished.

Make changes to existing general ledger accounts

At this point, you can make changes to existing general ledger accounts and make entries for the new fiscal year.

You can make prior year adjustments by posting transactions to period **00 - Prior Year** and selecting **Yes** to the message about posting to the archive. Transactions posted to period **00 - Prior Year** update the ending balance in your archive company and the beginning balance in your current company. Prior year adjustments posted to income and expense accounts update (1) the income and expense accounts in the archive to period 12, and (2) the **Retained Earnings** account in the current year in period zero(0).

The **Owner Draw** account is the only temporary account whose balance Sage 100 Contractor does not reset to zero. To clear the **Owner Draw** account, post an adjusting journal entry to period 0 in the new fiscal year, debiting the **Owner Equity** account and crediting the **Owner Draw** account.

Change security in the archive company

If required, change security in the archive company by changing the rights of all user groups in **7-3-1 Security Groups** to **No** for **Save, Delete, Void, Change Period, and Print Checks**. This prevents users from accidentally saving or printing

records in the archive.

By setting Groups to **No**, reports can still be printed, but checks cannot be printed. Then each user will have access to everything they had access to before closing. They will be able to print reports but only view checks.

For additional security, in **7-3-2 User List**, change the password for the supervisor.

Print year-end reports

Print required year-end reports from the archive:

- W-2s from **5-4-1 Federal Forms**
- 1099 from **4-5 Vendor 1099 Forms**
- 941 from **5-4-1 Federal Forms**

Preparing payroll for the new calendar year

Before you process your first payroll in the new year, we recommend that you adjust rates for unemployment, adjust thresholds for payroll calculations, and reset vacation and sick accrual.

Make the corrections and adjustments from the menu option **Payroll Calculations (5-3-1)** in your active company folder:

Correct State Unemployment default rates and default maximums. Do not forget to select **Options > Update Employees > Employees** with this calculation after saving the changes.

Correct Social Security default maximums. Do not forget to select **Options > Update Employees > All Employees** after saving the changes.

Correct State Disability Insurance default rates and default maximums. Do not forget to select **Options > Update Employees > Employees** with this calculation after saving the changes.

Correct 401K default maximums. After saving the changes and only if all employees with this calculation have the same maximum, select **Options>Update Employees>Update Maximum Only>All Employees** with this calculation. Do not update the rate from **5-3-1** because this has to be done for each individual employee in the **5-2-1 > Compensation** tab.

Delete, alter, or add payroll calculations (**5-3-1**). If the changes apply to all employees with these calculations, carefully select the appropriate UPDATE option.

Reset sick and vacation accrual for eligible employees (**5-2-1>Compensation** tab) only if leftover hours do not carry over to the next year.

Adjust **Employees (5-2-1)** calculation maximums to reflect what has been collected in prior years on the Calculations tab. For example, you may need to adjust employee loan repayment or employee garnishment maximums.

Processing vendor 1099s at calendar year-end

At the end of the calendar year, you can finish entering all vendor payments for the calendar year, back up the company data, and close the accounting or payroll. From the archive, you can verify the vendor 1099 balances and print the 1099s.

To process vendor 1099s at calendar year-end:

- 1 Back up the company data, close the calendar year, and create the necessary accounting or payroll archives during the close.
- 2 Open the archive company created during the year-end close.
- 3 From the archive company, do the following steps:

- a** Open **4-1-1 Vendor List** and do the following:
 - i** In the **Report** list, click **61-Vendor 1099 Report**.
 - ii** In the **1099 Type** boxes, enter 1099 type 1-3.
- b** Then print the report.
- c** Open **4-1-5 Vendor Payment Journal** and do the following:
 - i** Select the **21-Vendor Payments** report.
 - ii** Check the 1099 Only box.
 - iii** Print the 4-1-5-21 Vendor Payments report.
 - iv** Compare the 4-1-1-61 Vendor 1099 report to the 4-1-5-21 Vendor Payments report to verify the accuracy of the totals.
 - v** If you discover errors, enter the corrections.
- d** Open **4-4 Vendors (Accounts Payable)** and do the following:
 - i** Select the vendor.
 - ii** In the **1099 Balance** box, enter the correct amount.
 - iii** On the **File** menu, click **Save**.
 - iv** Reprint the **Vendor List** to verify the corrections.
- e** Open **4-5 Vendor 1099** to process your 1099s.



TIP: Print an individual vendor payment journal for each vendor, and mail it to the vendor for additional verification.



Chapter 4: Closing the Payroll Year and Resetting 1099 Balances

About closing the payroll

At the end of the calendar year, close the payroll to prepare for the new calendar year. During the close, Sage 100 Contractor removes all payroll records and resets the quarter-to-date and year-to-date totals \$0. It is important to note that closing payroll does not affect the accrued vacation, sick, and compensation times in the employee records that you choose to retain. You can also delete old or unnecessary employee records.

Before entering timecards for the new calendar year, audit, back up, and then close/archive the payroll. Although you may back up your company data at any time, in the context of closing the payroll, it makes sense to back up your data after you have audited it and corrected any errors.

Closing payroll can be quite hectic and time consuming, and the time necessary to create an archive may be considerable depending on the number of payroll records and employees contained in each company. We recommend creating a schedule of tasks to perform leading up to the close. For example, consider auditing the payroll a month in advance of the scheduled closing date. This should provide enough time to resolve any errors that might exist.

*** IMPORTANT:** While it is not recommended, Sage 100 Contractor lets you close payroll with uncomputed records, unposted records, even payroll audit errors. From the archive, you can also prepare and print the state and federal reports and the W-2 forms.


It is important to understand the differences between closing the payroll and the accounting. All companies close payroll at the end of the calendar year, but not all companies close the fiscal year at the end of the calendar year. If the close of your fiscal year does not coincide with the close of your payroll year, you need to create separate backups and archives.

Preparation for closing the Payroll year and Resetting 1099 Balances

*** IMPORTANT:** The following instructions assume that these steps are performed at the Sage 100 Contractor server location. Sage 100 Contractor strongly recommends this method because it avoids network irregularities that can disrupt the closing process.

Each task listed below should be completed in preparation for a calendar year-end close. Resolve audit errors as found during each step.

- [Back up and verification](#)
- [Rebuild indexes](#)
- [Payroll audit](#)
- [Employee status and removal](#)
- [Print reports for after-close verification](#)
- [Verify vendor information](#)

 **IMPORTANT:** You must have exclusive access to your company file to perform these steps.


Back up and verification

Back up and validate your company file by following your regular backup and verification procedures.

Payroll audit

Open **5-3-7 Payroll Audit**, click **Audit**.

If payroll is outsourced, it is okay to close with payroll audit errors.

 **IMPORTANT:** If there are audit errors, resolve them before continuing.

Period Audit Errors

Some audit errors refer specifically to periods. If period audit errors exist, the **Audit** report displays them prominently. For example, a period audit error will contain the word **Period** in the row.

You can resolve most period audit errors by recalculating the ledger balances. To recalculate the ledger balances, open **1-6 Change Period/Close Year > Recalculate Balances**, and then click **Recalculate Balances**.

Audit Errors Requiring Customer Support Assistance to Repair

Any remaining audit errors cannot be repaired by clicking **Recalculate Balances** on **1-6 Change Period/Close Year > Recalculate Balances**. These audit errors might originate in accounts receivable, jobs, vendors, service clients, equipment, or other areas of the program where transactions originate.

Caution!

Resolving remaining audit errors after a repair requires assistance from Customer Support. You can contact them at 800-866-8049. Be prepared to provide your company name, telephone number, and the company contact person. At that time, a Customer Support technician may request additional reports to help determine the cause of the error.

Additional audit error reports are now included with Sage 100 Contractor to assist Customer Support technicians in identifying the transaction sources of audit errors.

Employee status and removal

Open **5-2-1 Employees**, and review employee statuses.

If you want to remove employees, they must have a status of **Quit**, **Laid Off**, **Terminated**, or **Deceased**.

Print reports for after-close verification

Open **5-2-2 Payroll Records**, and select **File > Count**, and write down the number of files.

The number of files will be used for verification purposes after the books have been closed.

Print the **5-1-2-41 Payroll Check Register ~Totals Page** report.

This report will be used for verification purposes after the books have been closed.

Verify vendor information

Verify **Vendor Tax ID** and **Vendor 1099 Types** by printing the **4-1-1-61 Vendor 1099** report. Be sure to verify that the tax ID for each vendor is correct.

Verify 1099 balances using the **4-1-5-21 Vendor Payment** report by date.

Payroll Close for calendar year-end close

Before you begin to close your payroll, make sure that you are in your current company and not in your archive company.

To close the payroll year

- 1 Back up and verify two copies of your Sage 100 Contractor data. Put one copy in a safe storage area. Make at least one of your backups on a separate removable storage device.



NOTE: You can use this back-up to verify data integrity if you have to close again.

- 2 Open **5-3-8 Close Payroll Year**.
- 3 Select the **Create Archive Directory** check box.
- 4 Type an **Archive** company name.



NOTE: There are different ways to name your archive company file. We suggest including the following information.

For example: 2012 Payroll [Your Company Name].

- The year of the archive file.
- The type of archive file you are making.
- The name of the company.

- 5 Select employee removal options. If you want to **approve each employee's removal**, select the checkbox.
- 6 Click **Close Payroll**.



NOTE: During close, the program removes all **5-2-2 Payroll Records** and resets all employee year-to-date totals.

- 7 Open **7-4 Rebuild Indexes**, select **Options > Rebuild All Tables**, and then click **Start**.



NOTE: The program is now in the new payroll year.

Verification tasks after closing the payroll year

Verification tasks

- In the current file, open **5-2-2 Payroll Records**, select **File > Count**, and verify that you find zero records.
- In the archive company, open **5-2-2 Payroll Records**, select **File > Count**, and compare this record count to the record count done in the preparation steps above.
- In the archive company, print the **5-1-2-41 Payroll Check Register~Totals Page** report and compare it to the one printed during preparation. If the verification of the record count and **Payroll Check Register** report do not match what was expected, there was a problem during the close process. Restore the most recent backup made before closing payroll and re-close by starting with the [Payroll Close](#) steps.

NOTE: If a backup needs to be restored, and the file re-closed, delete the archive file that was created and the current company file as they are not valid or correct files.

Backup and validate files

- Back up and validate your current and archive company files.

New Accounting Year Preparation and After Closing Tasks

Install year-end tax update


- Install the year-end tax update included in the software notice.

Rebuild indexes

- When you open your current company for the first time, you will be prompted to rebuild indexes. Click **Start** to rebuild all tables.

Update payroll calculations

- Update any state or local payroll calculations, as needed, in **5-3-1 Payroll Calculations**. Delete calculations that will no longer be used or update rates if required.
- Adjust the **Default Max** to the correct maximums for the selected **Max Type**. Save the calculations, recall the calculations, and select **Options > Update Employees > ALL Employees**.

 **IMPORTANT:** Updating employee calculations using **5-3-1 Payroll Calculations > Options > Update Employees** for calculations that involve different rates per employee can cause values to be reset to zero. For example, updating the employee 401 (k) maximum will cause this to happen because the setting varies per employee. If you have variable rates on your payroll calculations, don't update your employee rates from **5-3-1 Payroll Calculations**. Calculations that involve different rates per employee need to be updated in each employee's record on the Calculations tab of **5-2-1 Employees**.

NOTES:

Maximums for the new year can be found by searching on the topic at <http://www.irs.gov/>.

The **Default Max** may need to be updated manually with employees who are having wages garnished.

Make changes to existing general ledger accounts

At this point, you can make changes to existing general ledger accounts and make entries for the new fiscal year.

You can make prior year adjustments by posting transactions to period **00 - Prior Year** and selecting **Yes** to the message about posting to the archive. Transactions posted to period **00 - Prior Year** update the ending balance in your archive company and the beginning balance in your current company. Prior year adjustments posted to income and expense accounts update (1) the income and expense accounts in the archive to period 12, and (2) the **Retained Earnings** account in the current year in period zero(0).

The **Owner Draw** account is the only temporary account whose balance Sage 100 Contractor does not reset to zero. To clear the **Owner Draw** account, post an adjusting journal entry to period 0 in the new fiscal year, debiting the **Owner Equity** account and crediting the **Owner Draw** account.

Change security in the archive company

- If required, change security in the archive company by changing the rights of all user groups in **7-3-1 Security Groups** to **No** for **Save, Delete, Void, Change Period, and Print Checks**. This prevents users from accidentally saving or printing records in the archive.

By setting Groups to **No**, reports can still be printed, but checks cannot be printed. Then each user will have access to everything they had access to before closing. They will be able to print reports but only view checks.

- For additional security, in **7-3-2 User List**, change the password for the supervisor.

Print year-end reports

- Print required year-end reports from the archive:
 - W-2s from **5-4-1 Federal Forms**
 - 1099 from **4-5 Vendor 1099 Forms**
 - 941 from **5-4-1 Federal Forms**

Preparing payroll for the new calendar year

Before you process your first payroll in the new year, we recommend that you adjust rates for unemployment, adjust thresholds for payroll calculations, and reset vacation and sick accrual.

Make the corrections and adjustments from the menu option **Payroll Calculations (5-3-1)** in your active company folder:

- Correct State Unemployment default rates and default maximums. Do not forget to select **Options > Update Employees > Employees** with this calculation after saving the changes.
- Correct Social Security default maximums. Do not forget to select **Options > Update Employees > All Employees** after saving the changes.
- Correct State Disability Insurance default rates and default maximums. Do not forget to select **Options > Update Employees > Employees** with this calculation after saving the changes.
- Correct 401K default maximums. After saving the changes and only if all employees with this calculation have the same maximum, select **Options>Update Employees>Update Maximum Only>All Employees** with this calculation. Do not update the rate from **5-3-1** because this has to be done for each individual employee in the **5-2-1 > Compensation** tab.
- Delete, alter, or add payroll calculations (**5-3-1**). If the changes apply to all employees with these calculations, carefully select the appropriate UPDATE option.
- Reset sick and vacation accrual for eligible employees (**5-2-1>Compensation** tab) only if leftover hours do not carry over to the next year.
- Adjust **Employees (5-2-1)** calculation maximums to reflect what has been collected in prior years on the Calculations tab. For example, you may need to adjust employee loan repayment or employee garnishment maximums.

Processing vendor 1099s at calendar year-end

At the end of the calendar year, you can finish entering all vendor payments for the calendar year, back up the company data, and close the accounting or payroll. From the archive, you can verify the vendor 1099 balances and print the 1099s.

To process vendor 1099s at calendar year-end:

- 1 Back up the company data, close the calendar year, and create the necessary accounting or payroll archives during the close.
- 2 Open the archive company created during the year-end close.
- 3 From the archive company, do the following steps:
 - a Open **4-1-1 Vendor List** and do the following:
 - i In the **Report** list, click **61-Vendor 1099 Report**.
 - ii In the **1099 Type** boxes, enter 1099 type 1-3.
 - b Then print the report.

- c Open **4-1-5 Vendor Payment Journal** and do the following:
 - i Select the **21-Vendor Payments** report.
 - ii Check the **1099 Only** box.
 - iii Print the **4-1-5-21 Vendor Payments** report.
 - iv Compare the **4-1-1-61 Vendor 1099** report to the **4-1-5-21 Vendor Payments** report to verify the accuracy of the totals.
 - v If you discover errors, enter the corrections.
- d Open **4-4 Vendors (Accounts Payable)** and do the following:
 - i Select the vendor.
 - ii In the **1099 Balance** box, enter the correct amount.
 - iii On the **File** menu, click **Save**.
 - iv Reprint the **Vendor List** to verify the corrections.
- e Open **4-5 Vendor 1099** to process your 1099s.




TIP: Print an individual vendor payment journal for each vendor, and mail it to the vendor for additional verification.



Chapter 5: Closing the General Ledger Year


Preparation for closing General Ledger year


The following instructions assume that these steps are performed at the Sage 100 Contractor server location. Sage 100 Contractor strongly recommends this method because it avoids network irregularities that can disrupt the closing process.

 **IMPORTANT:** You must have exclusive access to your company file to perform these steps.

Each task listed below should be completed in preparation for a fiscal year-end close. Resolve audit errors as found during each step.

- [Verify posting period](#)
- [Backup and verification](#)
- [Inventory audit](#) (optional)
- [Verify checks](#)
- [Payroll audit](#)
- [Job status and removal](#)
- [Print reports and record counts for after-close verification](#)

 **IMPORTANT:** You must complete these preparation steps prior to closing the general ledger.

 **NOTE:** These steps assume you will not have your bank statement before you close your books. If you have your bank statement, you may complete your bank reconciliation before you close your books in the current company or after you close your books in the new company file. If you do your bank reconciliation after you close your books in the new file, the archive file is not updated. If you want the archive file updated, you will need to do the bank reconciliation again in your archive.

Verify Posting Period

In **1-6 Change Period/Close Year > Change Period**, the posting period must be set to **Period 12**.

Backup and verification

Back up and validate your company file by following your regular backup and verification procedures.

Inventory audit (optional)

If you use inventory, open **12-5 Inventory Audit**, click **Audit**.

Verify checks

Verify that there are no unprinted checks.

To find and resolve unprinted checks:

- 1 Open **2-5 General Journals**.
- 2 Print the **2-5-21 General Journal** report with the following settings:
 - a In the **Account** box, use the range for all cash accounts listed in **1-8 General Ledger Setup**.
 - b In the **Trans#** box, select **Equal**, and type 0000.
 - c In the **Credit** box, select **Greater or =**, and type \$0.01.
- 3 If the transaction is an unprinted check, open **1-1 Checks/Bank Charges** and click the **Print Records** button to print the check if desired. If you don't need to print a check, open **1-3 Ledger Transactions**, and change the **Trans#** to anything other than 0000.



NOTE: If it is a **Source 16-Payroll**, click on the **Go To Source** button to change the **Check#**. It's highly unusual that the check number would have been changed to 0000 unless the paycheck had to be reprinted immediately.

Payroll audit

- Open **5-3-7 Payroll Audit**, click **Audit**.



IMPORTANT: If there are audit errors, resolve them before continuing.

Period Audit Errors

Some audit errors refer specifically to periods. If period audit errors exist, the **Audit** report displays them prominently. For example, a period audit error will contain the word **Period** in the row.

You can resolve most period audit errors by recalculating the ledger balances. To recalculate the ledger balances, open **1-6 Change Period/Close Year > Recalculate Balances**, and then click **Recalculate Balances**.

Audit Errors Requiring Customer Support Assistance to Repair

Any remaining audit errors cannot be repaired by clicking **Recalculate Balances** on **1-6 Change Period/Close Year > Recalculate Balances**. These audit errors might originate in accounts receivable, jobs, vendors, service clients, equipment, or other areas of the program where transactions originate.

Caution!

Resolving remaining audit errors after a repair requires assistance from Customer Support. You can contact them at 800-866-8049. Be prepared to provide your company name, telephone number, and the company contact person. At that time, a Customer Support technician may request additional reports to help determine the cause of the error.

Additional audit error reports are now included with Sage 100 Contractor to assist Customer Support technicians in identifying the transaction sources of audit errors.

Job status and removal

- Verify that the status on each job in **3-5 Jobs (Accounts Receivable)** is correct. Any job that should be removed at year-end must have a status of **6-Closed** or **2-Refused**.

NOTE: If you need to change several jobs' statuses to **6-Closed**, you can use a Picklist window to close multiple jobs at once. To access this command, open **3-5 Jobs (Accounts Receivable)** and select **Update > Closed Status**.

Print reports and record counts for after-close verification

- Print the following reports that will be used for verification purposes after the books have been closed:

- **2-2-21 Balance Sheet** report for period 12
- **2-3-21 Income Statement** report for periods 1 through 12
- **3-1-3-26 AR Invoice Aging** report for period 12
- **4-1-3-26 AP Invoice Aging** report for period 12
- **5-1-2-41 Payroll Check Register** report with “totals for status” equal to **3-Posted**
- **6-1-6-21 Job Cost Totals** report for periods 1 through 12
- **11-1-3-26 Service Invoice Aging** report for period 12, if you use Service Receivables

The following record counts will be used for verification purposes after the books have been closed.

On the following windows, select **File > Count** and write down the record number counts:


- **1-3 Journal Transactions**
- **3-2 Receivable Invoices/Credits**
- **4-2 Payable Invoices/Credits**
- **5-2-2 Payroll Records**
- **6-3 Job Costs**
- **11-2 Work Orders/Invoices/Credits**, if you use Service Receivables


Using the Year-End close wizard to close general ledger




After you've gone through the [preparation for closing the general ledger year, payroll year, and resetting 1099 balances](#), use the year-end close wizard to easily close your books.

To use the year-end wizard to close the general ledger year, payroll year, and reset 1099 balances:

- 1 Make two backups of your company data.
- 2 Open **1-6 Change Period/Close Year**.
- 3 Click [**Close Books for Fiscal Year**].
- 4 Click [**Next >**].
- 5 Click [**Begin Preparation**] to start performing all the tasks.


 **NOTE:** If issues are found or errors are encountered, the process stops and the text on this button changes to [**Resume Preparation**]. Click [**Resume Preparation**] to continue running subsequent tasks to see if there are additional items that require your attention.

- a If the search finds unprinted checks, click the View results link.
 - i If the check was printed but just needed the Transaction # assigned, drill down to the transaction record and enter the appropriate Transaction #, save the record, and click [**Try Again**] to resume preparation tasks.
 - ii If it is an unprinted check (a physical check needs to be produced for this transaction), exit the wizard by clicking [**Cancel**], go to **1-1 Checks/Bank Charges**, and print the check(s). Then start the wizard again.
 - b The wizard will not continue if audit errors are found in the general ledger, payroll, or inventory audits. Click the [**View Results**] link for an audit report, then cancel out of the wizard to resolve the audit errors.
- 6 Once preparation is complete and all tasks have a  symbol, click [**Next >**].

- 7 Choose the **I want to close only the accounting fiscal year** option.
- 8 Click [**Next >**].
- 9 Select the maintenance tasks to be performed on the company during the close process.
 - a **Remove jobs with Closed or Refused status, and all related records:** When Sage 100 Contractor removes a job record, it also removes job-related records, including schedules, takeoffs, progress billing, time and materials setup, closed purchase orders, subcontracts, change orders, budgets, proposals, and accounts payable and receivable invoices assigned status **4-Paid** or **5-Void**. Sage 100 Contractor does not remove a closed job unless the job has a \$0 balance and all invoices and credits have been assigned status **4-Paid** or **5-Void**.
 - b **Remove payable invoices with Paid or Void status and no Job#:** Sage 100 Contractor removes all payable invoices with **4-Paid** or **5-Void** status and no Job#.
 - c **Remove service invoices with Paid, Completed, or Void status dated prior to:** If you select this option, you must provide a date in date field before clicking [**Next >**]. This option is not available if the [Service Receivables module](#) is not installed.
 - d **Remove purchase orders with Closed status and no Job # dated prior to:** If you select this option, you must provide a date in the date field before clicking [**Next >**].
 - e **Reset vendor 1099 balances:** This is option is selected by default.
- 10 Click [**Next >**].
- 11 Enter a name for the company archive in the **Enter name for the company archive** textbox. The textbox cannot contain any special characters. If the archive folder already exists, it must be empty. Click [**Yes**] to continue closing the year or click [**No**] to go back to the window.
- 12 Click [**Close Year**].
- 13 A progress bar shows next to each task as it is running. When completed, each task displays one of the following icons:
 - The green  icon indicates that the task ran successfully.
 - An orange  icon indicates that the task has issues that should be reviewed before continuing.
 - A red  icon indicates that the task “failed” and you cannot continue until the issue is resolved. Click **View Results** link to display detailed information about the error.
- 14 Click [**Next >**] to finish closing the books.
- 15 Click [**Close**].

Verification tasks after closing the general ledger

Verification tasks in the new company

- Open **1-3 Journal Transactions** select **File > Count**, and verify that you find zero records.
 - Open **3-5 Jobs (Accounts Receivable)**, and verify that the jobs you selected to be removed have been removed.
 - Open your archive, and verify that the reports and record counts match your counts from before closing. If the verification of the record count and job removal reveals that there was a problem during close, restore the most recent backup made before closing the general ledger and re-close by starting with the [General Ledger Close](#) steps.
-  **IMPORTANT:** If a backup needs to be restored, and the file re-closed, delete the archive file that was created and the current company file as they are not valid or correct files.

New Accounting Year Preparation and After Closing Tasks for Fiscal Year-End

Install year-end tax update


- Install the year-end tax update included in the software notice.

Rebuild indexes

- When you open your current company for the first time, you will be prompted to rebuild indexes. Click **Start** to rebuild all tables.

Update payroll calculations

- Update any state or local payroll calculations, as needed, in **5-3-1 Payroll Calculations**. Delete calculations that will no longer be used or update rates if required.
- Adjust the **Default Max** to the correct maximums for the selected **Max Type**. Save the calculations, recall the calculations, and select **Options > Update Employees > ALL Employees**.

 **IMPORTANT:** Updating employee calculations using **5-3-1 Payroll Calculations > Options > Update Employees** for calculations that involve different rates per employee can cause values to be reset to zero. For example, updating the employee 401 (k) maximum will cause this to happen because the setting varies per employee. If you have variable rates on your payroll calculations, don't update your employee rates from **5-3-1 Payroll Calculations**. Calculations that involve different rates per employee need to be updated in each employee's record on the Calculations tab of **5-2-1 Employees**.

NOTES:

Maximums for the new year can be found by searching on the topic at <http://www.irs.gov/>.

The **Default Max** may need to be updated manually with employees who are having wages garnished.

Make changes to existing general ledger accounts

At this point, you can make changes to existing general ledger accounts and make entries for the new fiscal year.

You can make prior year adjustments by posting transactions to period **00 - Prior Year** and selecting **Yes** to the message about posting to the archive. Transactions posted to period **00 - Prior Year** update the ending balance in your archive company and the beginning balance in your current company. Prior year adjustments posted to income and expense accounts update (1) the income and expense accounts in the archive to period 12, and (2) the **Retained Earnings** account in the current year in period zero(0).

The **Owner Draw** account is the only temporary account whose balance Sage 100 Contractor does not reset to zero. To clear the **Owner Draw** account, post an adjusting journal entry to period 0 in the new fiscal year, debiting the **Owner Equity** account and crediting the **Owner Draw** account.

Change security in the archive company

- If required, change security in the archive company by changing the rights of all user groups in **7-3-1 Security Groups** to **No** for **Save, Delete, Void, Change Period, and Print Checks**. This prevents users from accidentally saving or printing records in the archive.

By setting Groups to **No**, reports can still be printed, but checks cannot be printed. Then each user will have access to everything they had access to before closing. They will be able to print reports but only view checks.

- For additional security, in **7-3-2 User List**, change the password for the supervisor.

Print year-end reports

Print required year-end reports from the archive:

- W-2s from **5-4-1 Federal Forms**
- 1099 from **4-5 Vendor 1099 Forms**
- 941 from **5-4-1 Federal Forms**



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