SECTION I: INTRODUCTION

About this manual:

This document is designed to help you carry out an important year-end procedure - printing 1099's on the Local Government Zortec Accounts Payable system. In order to gain the most assistance from this material, please take some time to read through the entire booklet and familiarize yourself with the "look and feel" of the procedures. That way you will have a general idea of the order and content of the steps involved before actually working through them.

About the timing and sequence of year-end processes:

Before beginning your year-end processing, it is vital that you perform a daily or weekly backup. This should be done on a regular basis anyway, but it is particularly important before carrying out procedures such as these.

Be sure to start this process as early in January as feasible. If you wait until the last minute and run into problems, you might not get the proper forms, reports, etc. distributed by their respective deadlines.

If you have questions concerning the software, please call Customer Support.

SECTION II: PREPARING FOR 2010

Step 1: Setting Flag for 1099 Payments

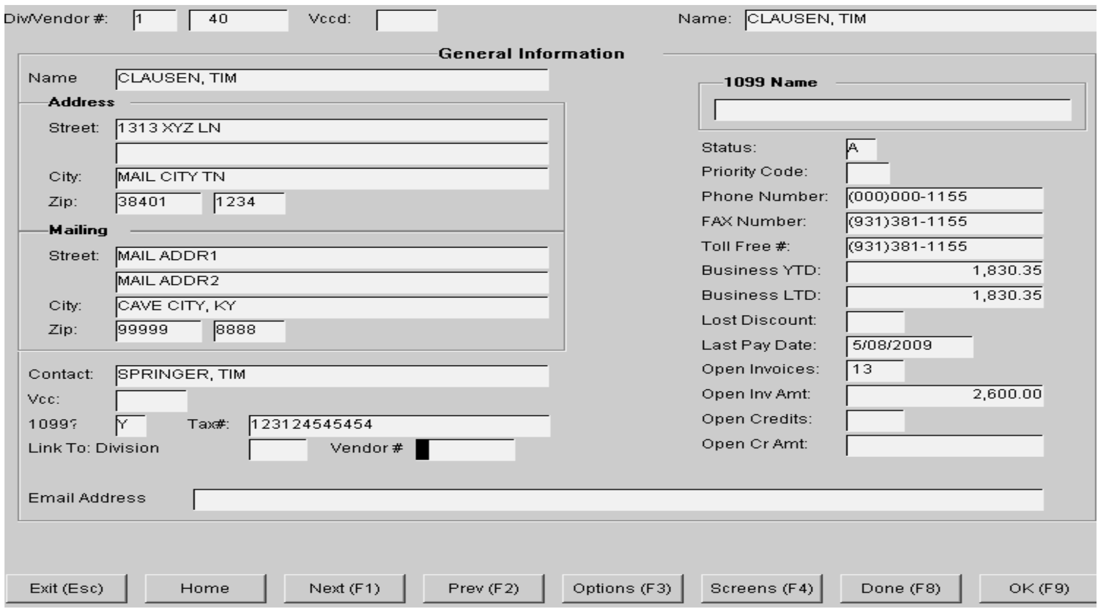
You may flag 1099 payments by setting the 1099 flag on the vendor record to "Y" (yes) or by flagging the invoice by answering "Y" (yes) to "Include on 1099" during File Maintenance.

The 1099 report will print the history by vendor flag or invoice flag so it is preferable to adopt one method and be consistent in its use.

<u>Vendor Flag</u>

The most common method of tracking 1099 payments and vendor totals is to flag the vendor as shown in the screen on the following page. This flag can be turned on or off as needed but must be accurate for the printing of the 1099 report, creation of the 1099 work file, and printing of the 1099 forms.

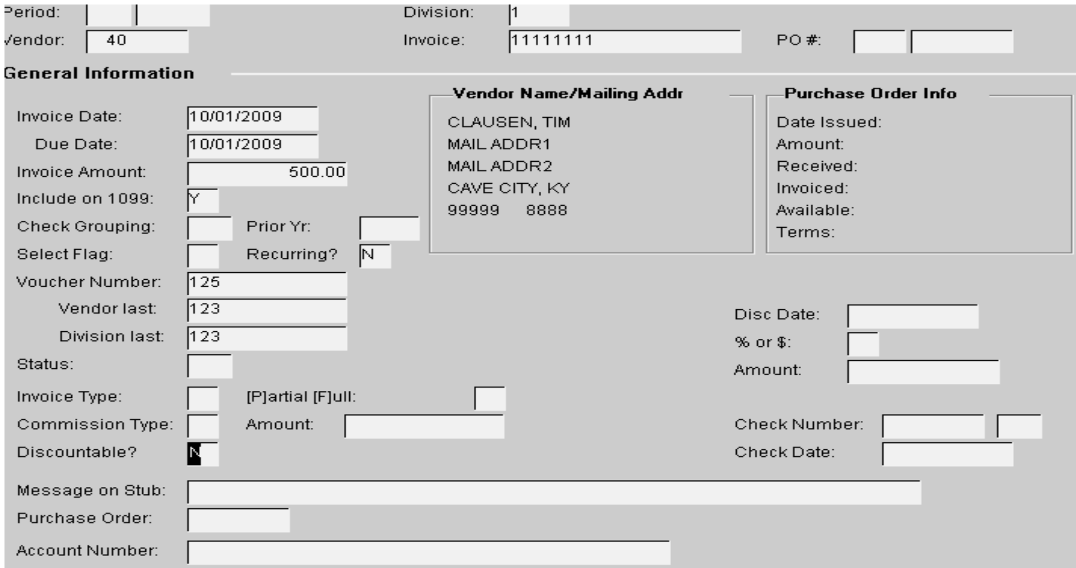
Setting this flag is done once, making invoice entry and processing for 1099 vendors quick and easy. Using the vendor 1099 flag alleviates the task of remembering to set the 1099 flag on the invoice when entering it for payment.



Another advantage exists for using the vendor flag for recording 1099 payments. If you find over the course of time that your system has the same vendor on file multiple times, you can link the other vendors to one for reporting purposes. (See the vendor screen above.) The "Link To" question will combine history information, for 1099 purposes, for those vendor numbers that are linked.

Invoice Flag

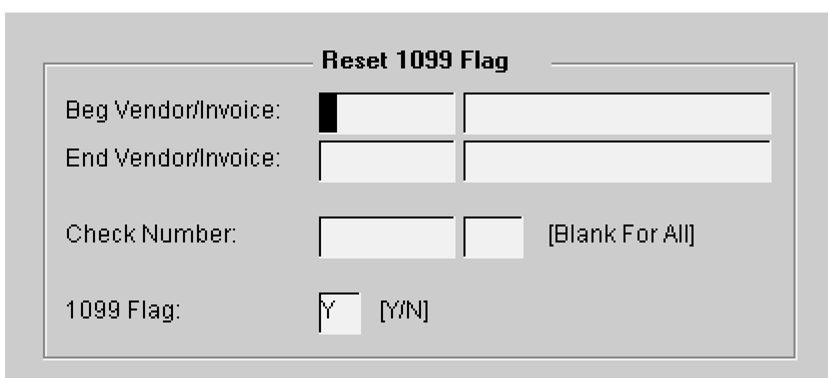
As mentioned earlier, the easiest and most common way to record 1099 activity is to set the vendor flag. The alternate method is to answer "Y" (yes) to the "Include on 1099" question on the invoice maintenance screen as shown on the following page.



Using the invoice flag requires that you remember during invoice entry to set the "Include on 1099" question to "Y" (yes). If this is not done, the invoice being entered will not be included on the 1099 report, therefore making it unavailable for the 1099 work file and the printing of 1099 forms.

If your system is using the invoice 1099 flag and you find that you have missed flagging an invoice/invoices, you can change the history information and make the invoice/invoices available for the 1099 process.

To access this program, select Option 11, **Utilities** from the Accounts Payable Main Menu. From the Utilities Menu, choose the Option 12, **Reset 1099 Flag**. The following screen outlines the information you will need to reset the 1099 flag on the invoice.



There are several ways this program can be used. If your site uses the invoice flag and you discover that a particular vendor needs to be a 1099 vendor, you can flag all those invoices by entering that vendor number in the beginning and ending vendor fields, leaving the invoice and check numbers blank.

If you have only one invoice that must be changed, you may enter the vendor/invoice number in the beginning and ending vendor/invoice number fields.

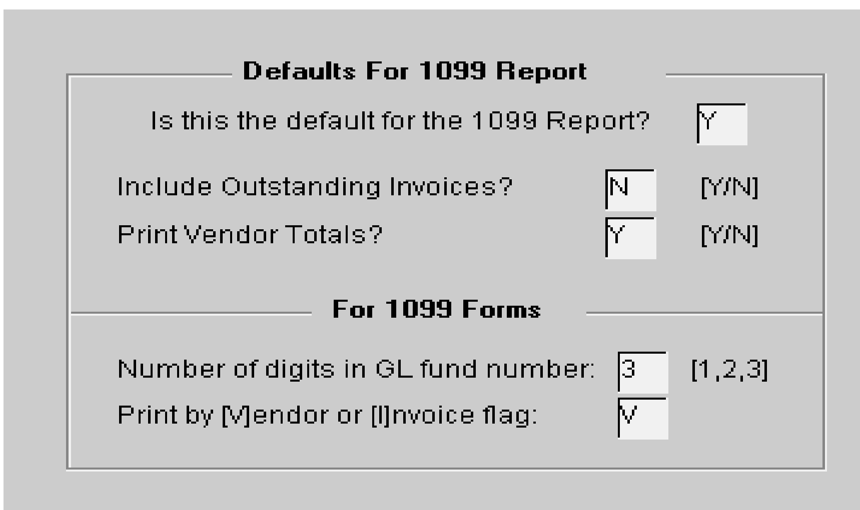
Another method is to leave the beginning and ending vendor/invoice number fields empty and enter the check number.

NOTE: The 1099 flag must be set for your site before proceeding to the next step in the 1099 process.

Step 2: Setting the 1099 Report Defaults

The report defaults for the 1099 report determine what information is printed. To create or update these settings, select Option 9, **Office Manager** from the Accounts Payable Main Menu. From the Office Manager Menu, choose Option 4, **Report Defaults**. From the Report Defaults Menu, select the **1099 Report**, Option 8.

The following screen print contains sample parameters for running the 1099 report.



You may have different report defaults by using different combinations of division numbers and users names. If your site has only one division and you want all users to process the same report, leave the Username field blank as shown in the previous screen print. If you wish to have different reports for different divisions or users, you may enter that combination of information in the first three fields.

The previous screen print shows a "N" (no) setting for the "Include Outstanding Invoices" and "Print Vendor Totals" questions. If this does not return the information you desire, you may set them to "Y" (yes) and print the

1099 report again. The "Number of digits in GL fund number" and "Print by [V]endor or [I]nvoice flag" parameters will be particular to your site. Fill them in as dictated by your policy and account structure.

Step 3: Clearing Vendor Business Y-T-D

If your site utilizes the year-to-date business information on the vendor master record, you will want to reset it to zero at the end of the calendar or fiscal year. To clear this field, choose Option 7, **Period End** from the Accounts Payable Main Menu. From the Period End Menu, select Option 13, **Clear Vendor YTD Amount**.

To execute this procedure for all vendor records, leave the From Vendor and Thru Vendor fields blank. You will be asked "Do You Want To Clear the Business YTD Amount?" To continue, type "Y" (yes) and press <ENTER>. To clear business YTD for an individual vendor, enter the vendor number in the From Vendor and Thru Vendor field.

The Period End Menu will return when the process is complete and the vendor record will be updated to show no values in the [Y]ear-to-Date business field.

SECTION III: 1099 REPORT

In this section you will take the measures necessary to guarantee that your data and calculations are correct before proceeding to print your 1099's. There are two general steps to follow. Both steps are discussed below.

1. Rebuilding the alternate keys in the Accounts Payable system
2. Verifying your data using the 1099 Report

Step 1: Rebuilding Accounts Payable Alternate Keys

Before proceeding, you should rebuild the alternate keys in your Accounts Payable system. This process will help to insure that the reports to be run in the following step will be accurate. All other users should stay out of the Accounts Payable system until these processes are complete.

BE SURE THAT NO ONE IS WORKING IN THE ACCOUNTS PAYABLE SYSTEM.

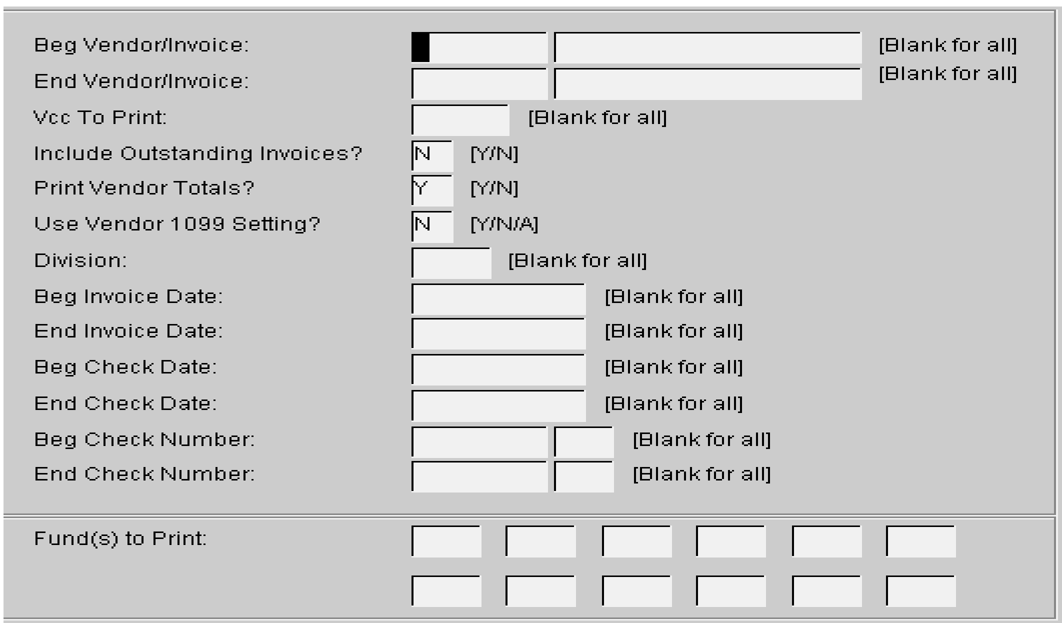
NOTE: Rebuilding HISTORY alternate keys may be a lengthy process.

To rebuild the Accounts Payable alternate keys, select Option 11, **Utilities** from the Accounts Payable Main Menu. From the Utilities Menu, choose Option 1, **Rebuild Vendor Alt keys**. Answer “Y”es to the “Do you wish to continue” prompt. The program will begin when this question is answered. When the rebuild is complete you will return to the Utilities menu. Select Option 2, **Rebuild Invoice ALT keys**; answer "Y"es to the "Do you wish to continue" prompt. The program will begin when this question is answered. You will return to the Utilities menu when this option is complete. Then select Option 3, **Rebuild History Alt Keys**. Answer "Y"es to the "Do you wish to continue" prompt. The program will begin when this question is answered. Depending on the number of invoices on your system, this can be a lengthy process. The Utilities menu will return when the program ends.

Step 2: Printing the 1099 Report

Before attempting to print and distribute 1099's, reports, etc., you must verify your 2009 disbursement information. The 1099 Report will print the information flagged "1099" for the period/criteria specified.

From the Accounts Payable Main Menu, choose Option 7, **Period End**. From the Period End menu, choose Option 21, **1099 Report**. Run this report, using your appropriate selection criteria, for all divisions and users as defined in the defaults for the 1099 report(s).


Beg Vendor/Invoice: [Blank for all]
End Vendor/Invoice: [Blank for all]
Vcc To Print: [Blank for all]
Include Outstanding Invoices? N [Y/N]
Print Vendor Totals? Y [Y/N]
Use Vendor 1099 Setting? N [Y/N/A]
Division: [Blank for all]
Beg Invoice Date: [Blank for all]
End Invoice Date: [Blank for all]
Beg Check Date: [Blank for all]
End Check Date: [Blank for all]
Beg Check Number: [Blank for all]
End Check Number: [Blank for all]
Fund(s) to Print:

Use any records you deem necessary to <u>verify the accuracy of the totals.</u> Make sure each vendor on the 1099 report has an identifying tax number.

SECTION IV: PRINTING 1099 FORMS

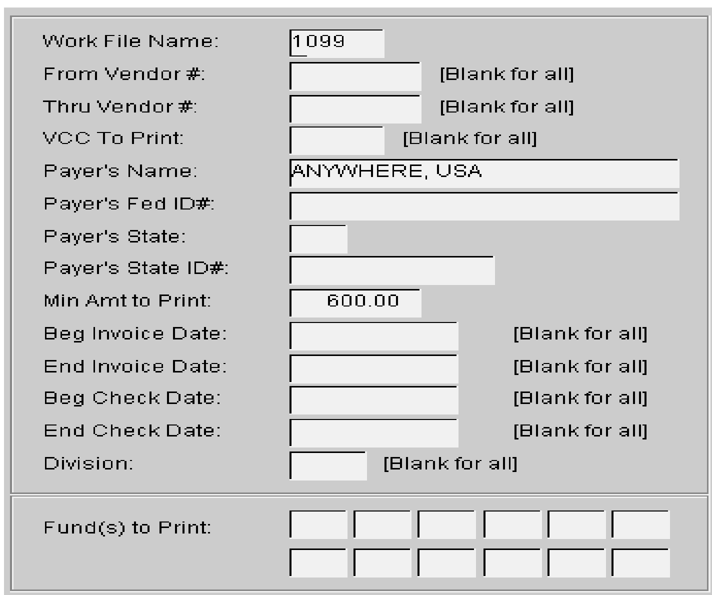
The process of printing 1099 forms in the Local Government Zortec Accounts Payable software makes use of a "*work file*" which contains the working data that will be used to generate the 1099's in their printed form (the "*print file*"). The work file makes it quicker and easier for you to manipulate the final data that will be printed on the 1099's. There are five steps to printing the 1099 forms.

1. Building the 1099 Work File

2. Printing the 1099 Work File
3. Manipulating the 1099 Work File
4. Creating the 1099 Print File
5. Aligning and Printing the Actual 1099 Forms

Step 1: Building the 1099 Work File

From the Accounts Payable Main Menu, choose Option 7, **Period End**. From the Period End menu, choose Option 22, **Build 1099 Work File**. Use the fields of this screen to specify how the 1099 work file is to be built. See the following screen print for selection criteria information. Complete this runtime screen based on the data you wish to use for compiling your 1099's.


Work File Name: 1099
From Vendor #: [Blank for all]
Thru Vendor #: [Blank for all]
VCC To Print: [Blank for all]
Payer's Name: ANYWHERE, USA
Payer's Fed ID#:
Payer's State:
Payer's State ID#:
Min Amt to Print: 600.00
Beg Invoice Date: [Blank for all]
End Invoice Date: [Blank for all]
Beg Check Date: [Blank for all]
End Check Date: [Blank for all]
Division: [Blank for all]
Fund(s) to Print:

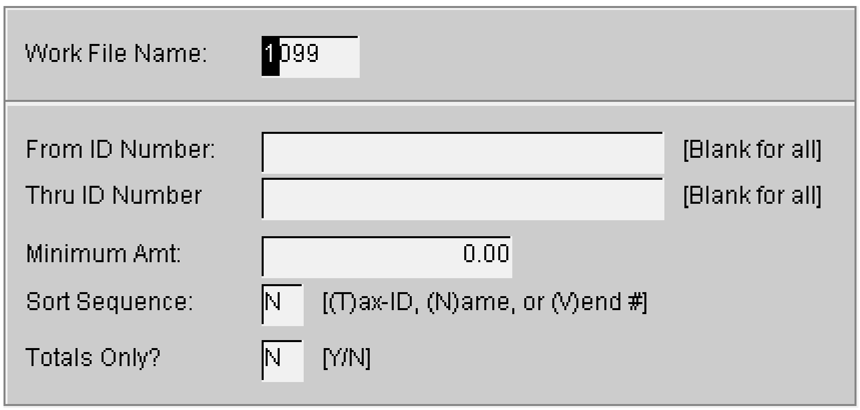
You must assign a "Work File Name" to the work file that will be created by this program. The name must contain four characters. Any combination of letters and numbers is acceptable. If you are creating more than one work file, be sure to assign a unique name to each. If you repeat the name of an existing work file, the new version will replace the older one.

NOTE: The system will begin to build the work file as soon as you press F9 or complete all the fields showing. As the system builds the work file, it will display work-in-process messages. Because this program reads the entire year's check history for each vendor, it may take a while to run.

Step 2: Printing the 1099 Work File

You may want to print the 1099 work file for use as working papers. This will give you an opportunity to review the information before updating it in the 1099 work file.

From the Accounts Payable Main Menu, select Option 7, **Period End**. From the Period End Menu, choose Option 24, **Print 1099 Work File**. Print this report for all or a range of vendors and for the minimum amount you wish to be included on the report.


Work File Name: 1099

From ID Number: [Blank for all]
Thru ID Number [Blank for all]
Minimum Amt: 0.00
Sort Sequence: N [(T)ax-ID, (N)ame, or (V)end #]
Totals Only? N [Y/N]

When this report is printed the vendor's tax ID and Vendor ID number will be listed in the Tax ID/Vend ID columns on the left. You should have at least one of these numbers for each vendor. This is the number that will print on each vendor's 1099 form. If a vendor had a Tax ID number when the work file was created you should see the same number listed for the Tax ID and the Vend ID. If there is no number listed for a vendor you should obtain the appropriate ID number and use 1099 Work File Maintenance to enter the number. Verify that every vendor has a Tax ID or a Vend ID listed on the report.

```
-Tax ID/Vend ID--    ----Name and Address----

400-11-1234          ADAMS, ROYCE
                     P. O. BOX 17489
                     COMPUTER, TN
                     (123)456-7890
```

Step 3: Manipulating the 1099 Work File

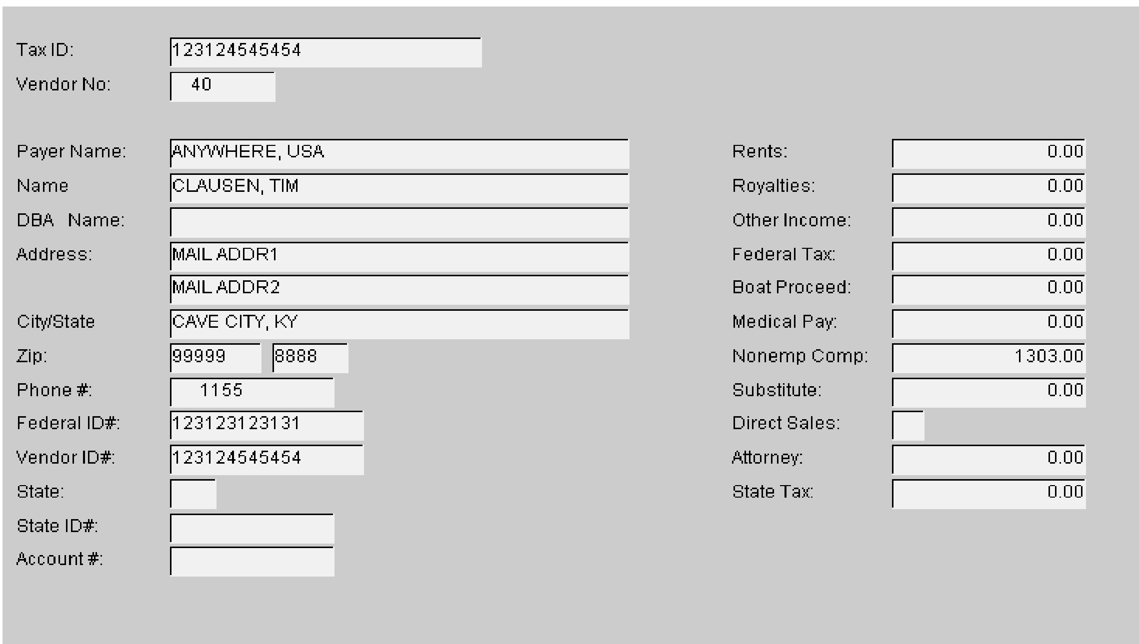
The "*work file*" arrangement of the year-end process makes it possible for you to manipulate and correct some parts of the data you will report without having to alter your basic accounts payable data or to rebuild the work file. Many of the errors or problems that might be detected can be addressed in the work file.

To access the work file, choose Option 7, **Period End**, from the Accounts Payable Main Menu. From the

Period End menu, choose Option 23, **1099 Work File Maintenance**. The system will ask you to supply the name of the work file you wish to open; enter the four-character name of the file that you created in Step 1.

To view the work file, press "I" for Inquire mode; to alter the work file, press "U" for Update mode. Inquire and Update modes give you access to one 1099 record at a time. The 1099 record in the work file is made up of one screen (see following page). The only fields that cannot be changed are "Tax ID" and "Vendor No.". Those two fields come from the information in the vendor's setup in Accounts Payable.

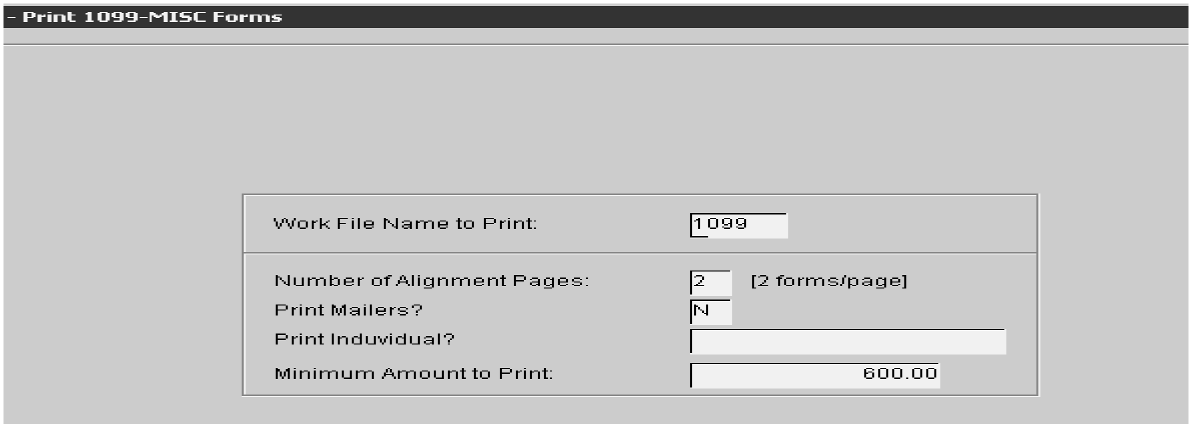
If you do not have a Tax ID entered for a vendor you are not able to enter it in the Tax ID field. The Vendor ID field should be used for entering a vendor's EIN or SSN after the work file is built. You can update a vendor's record and enter the Vendor ID. You should then print the work file report again to verify that every vendor has either a Tax ID or a Vend ID.



Step 4: Creating the 1099 Print File and Test Printing

When you have a clean and accurate 1099 work file, you are ready to generate the "*print file*" that will be used to produce the actual hard-copy 1099's.

From the Accounts Payable Main Menu, choose Option 7, **Period End**. From the Period End menu, choose Option 25, **Print 1099 Forms**. This following screen will be displayed.



The system will ask you to supply the name of the work file you wish to print. Enter the unique four-character name of the file. Enter the number of alignment pages to include at the beginning of the print file. We suggest 2 to 4 alignment pages. (The boxes of the 1099's will be filled with X's and 9's. You may specify from 0 to 9 alignment pages.) The Accounts Payable system will then generate the print file for your 1099's.

NOTE: While it may seem wasteful to print several alignment pages, bear in mind that the purpose of the alignment pages are to save the forms that would be wasted if they were not aligned when printed. The larger the number of alignment pages, the more opportunity you will have to bring the actual 1099 forms into proper alignment.

Activate Forms Control (if necessary) on the printer you will be using to assure that no other print job accidentally prints on top of your test paper or your actual 1099 forms. To set Forms Control *ON*, choose Option 10, **Spooler** from the Accounts Payable Main Menu. From the Spooler menu, choose Option 4, **Set Printer Forms**. Enter the number of the printer you will be using; in the "Enter Forms" field, type "FORMS" (without quotation marks). Press <ENTER>.

Using ordinary (white or barred) printer paper with 11-inch pages (the length of the 1099 pages), replicate the basic layout of the 1099 form on several consecutive pages. It is not necessary to sketch the whole form; you might mark just the pre-printed alignment guide and a couple of key boxes on each form. Place your marks in the same relationship to the top and left-hand perforations as they appear on the 1099 forms. When you load this paper to "test-print" the 1099's, use these marks to practice aligning the forms.

Set the printer you will use to produce the 1099's off-line (do not turn the printer off; simply place it off-line). Configure the printer to print at 6 lines-per-inch, 10 characters-per-inch, and with a form length equivalent to 11 inches. Leave the printer off-line. Using your experience with this printer as a guide, load the test paper so the print head or print bar is at the level of the alignment guide and the first character on a line would fall just within the left-hand side of the 1099 form area. When you have the paper aligned, you are ready to “test-print” the 1099's from the spooler.

To “test-print” the 1099s, choose Option 10, **Spooler** from the Accounts Payable Menu. From the Spooler menu, choose Option 2, **Print a File**. The system will display a list of files available to print. The 1099 print file will be named ***AP1099LS***. Print this file.

When you have sent this print file to the printer, go to the printer and set it on-line, but keep your hand on the on-line/off-line button. When the 1099's begin to print, inspect the alignment. If the alignment is good, simply monitor the rest of the printing. If the alignment is not good, set the printer off-line and wait for printing to stop. Adjust the paper as necessary, then set the printer on-line again. Repeat as necessary until alignment is satisfactory, then monitor the rest of the printing.

NOTE: To move the printed data farther to the RIGHT on the paper or form, shift the paper or form to the LEFT in the printer (and vice-versa). Similarly, to move the printed data farther DOWN, on the paper or form, shift the paper or form UPWARD in the printer (and vice-versa).

When the 1099's have finished printing, set the printer off-line and remove the printed 1099's. Inspect them and review the data carefully.

Step 5: Aligning and Printing the Actual 1099 Forms

When you have inspected and approved the test-printed 1099's, you are ready to print the data onto the actual 1099 forms. This process is almost exactly the same as that used to test-print the 1099's.

If it is not already off-line, set your printer off-line.

If Forms Control is still set *ON* from “test-printing” the 1099's, proceed to the next paragraph. If you have set forms control *OFF* since “test-printing” the 1099's, you must set forms control back *ON*. To set forms control *ON*, choose Option 10, **Spooler** from the Accounts Payable Main Menu. From the Spooler menu, choose Option 4, **Set Printer Forms**. Enter the number of the printer you will be using; in the "Enter Forms" field, type "FORMS" (without quotation marks). Press <ENTER>.

If you have changed your printer configuration since “test-printing” the 1099's, reconfigure it to print at 6 lines-per-inch, 10 characters-per-inch, and with a form length equivalent to 11 inches. Leave the printer off-line.

Load the actual 1099 form stock into your printer. If you have moved the tractor devices or other aligning equipment since “test-printing” the 1099's, return these devices to the positions that you found to work best for the “test-print”. Align the 1099 form stock as carefully and as accurately as possible.

Adjust the print-head gap (if any) on your printer to accommodate the multi-part 1099 form stock. Use the narrowest gap you can without marring or snagging the 1099 stock (the narrower the gap, the clearer the impression will be on the last copy of the multi-part form).

Print the 1099's. Choose Option 10, **Spooler** from the Accounts Payable Main Menu. From the Spooler menu, choose Option 2, **Print a File**. The system will display a list of the files available to print. The 1099 print file will be named ***AP1099LS***. Print this file.

NOTE: While you are printing the 1099's, watch the printer closely so you can respond quickly if the forms tear, jam, or otherwise run amok.

When you have sent this print file to the printer, go to the printer and set it on-line, but keep your hand on the on-line/off-line button. When the 1099's begin to print, inspect the alignment. If the alignment is good, allow one or two alignment forms to print, then set the printer off-line and wait for printing to stop. Look at the bottom copy of the multi-part form to check the print quality. If necessary (and if possible) narrow the print-head gap to get a darker impression on the bottom copy. Set the printer back on-line and carefully monitor the rest of the printing.

NOTE: If the print head gap is TOO SMALL, your forms will SMEAR, TEAR, or Jam.

If the print alignment is not good, set the printer off-line and wait for printing to stop. Adjust the paper as necessary. At this time, also inspect the print quality of the bottom sheet of the multi-part form as indicated in the paragraph above. Set the printer on-line again. Repeat as necessary until the alignment is satisfactory, then carefully monitor the rest of the printing.

NOTE: To move the printed data farther to the RIGHT on the form, shift the form to the LEFT in the printer (and vice-versa). Similarly, to move the printed data farther DOWN, on the form, shift the form UPWARD in the printer (and vice-versa).

When the 1099's have finished printing, set the printer off-line and remove the printed 1099's. Inspect them carefully. Remove the unused 1099 stock and re-load your regular paper to its regular alignment. Also, restore your printer to its regular configuration. Set Forms Control OFF by choosing Option 10, Spooler from the Accounts Payable Main Menu. From the Spooler menu, choose Option 4, Set Printer Forms. Enter the number of your printer. Leave the "Enter Forms" field [blank] and press <ENTER>. Finally, set your printer on-line.

SECTION V: 1099 ELECTRONIC/ MAGNETIC MEDIA FILING

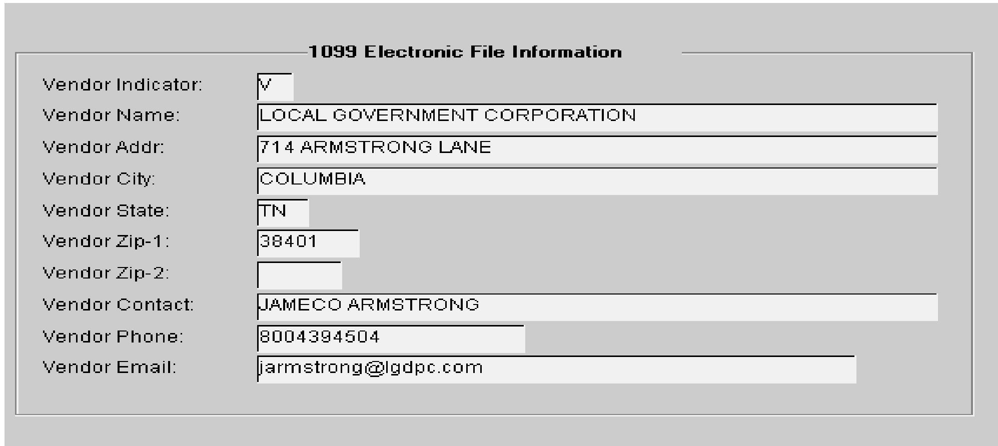
If you file 250 or more information returns, you must submit your file electronically or via magnetic media. Refer to IRS Publication 1220 for additional information. After reviewing IRS Publication 1220 and the below information, contact Customer Support if you need assistance with creating your file.

In order to create the file used for electronic or magnetic media filing, you must first be registered with the Internal Revenue Service (IRS). Depending on the type of forms you ordered, you may have to file your 1099 forms electronically. If you will have 250 or more 1099 forms you are required to file electronically. In order to file electronically you need to be registered with IRS and have your PIN/Password for creating the IRSTAX file. The registration information can be obtained by calling 1-866-455-7438 or by visiting the IRS's web site at http://www.irs.gov.

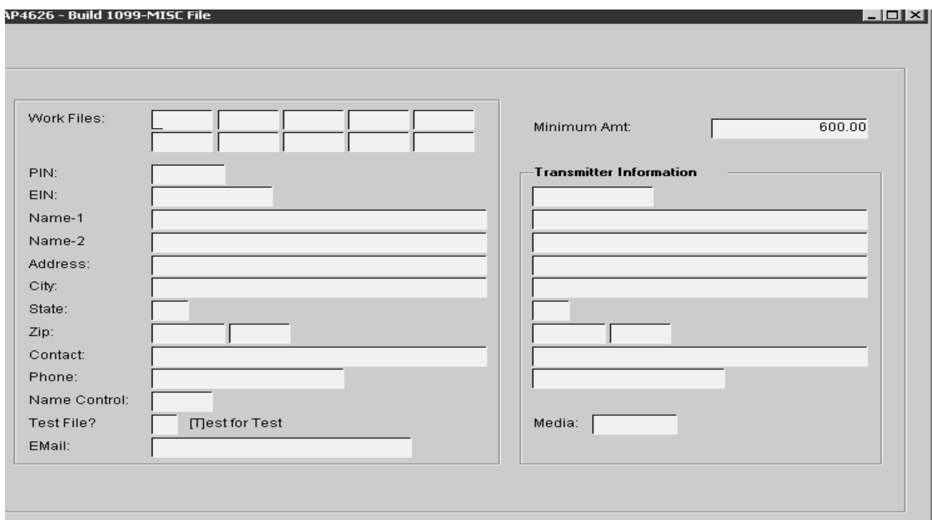
It takes several days to obtain the required information from IRS for submitting your electronic file; therefore, you should contact them as soon as possible.

Once you have received your transmitter control code, password and pin number from the IRS you are ready to build your electronic file. This section will take you thru the steps to create an electronic file for the IRS.

Before you can create your electronic file you must first enter the Electronic File Information. From the Accounts Payable Master Menu select option 7, **Period End**. From the Period End Menu select option 28, **Electronic File Information**. Enter "U" to update and complete the screen. If there is already data on this screen, verify that it is exactly as follows. (Do not enter your site's information on this screen; enter the LGC information as listed below.)



Once the Electronic File Information is entered you are ready to create your electronic file. From Accounts Payable Master Menu select option 7, **Period End**. From the Period End Menu select option 26, **Create Electronic File**. The following screen will then appear:



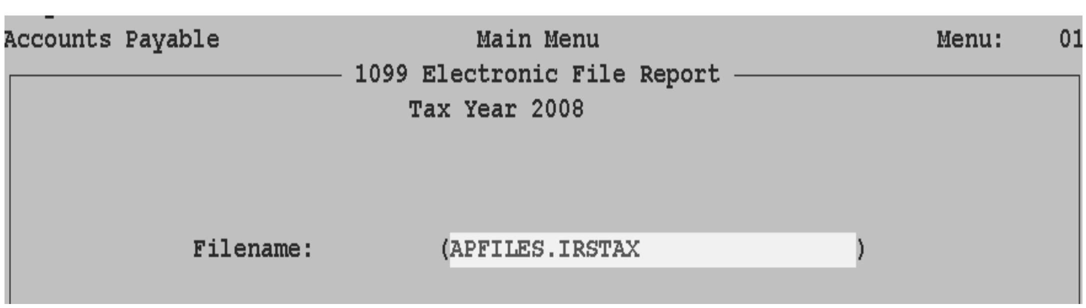
Use the following explanations to complete this screen.

Work Files: (- - - -) (- - - -)	This is the work file name you created for 1099's. After you enter the work file name, the EIN and Name-1 will display.
PIN: ( )	This is the TCC given to you by the IRS.
EIN: ( )	This is your employer identification number. It should default in after entering your work file name.
Name-1: ( )	Your employer name which is defaulted in from the work file name entered.
Name-2: ( )	Any additional name information.
Address: ( )	Your organization's address.
City: ( )	Your organization's city.
State: ( )	Your organization's state.
Zip: (-)	Organization's zip code, enter +four if needed.
Contact: ( )	Contact person's name from your organization.
Phone: ( )	Your contact person's telephone number. Do not enter dashes, spaces, or parenthesis.
Name Control: ( )	This is obtained from the mailing label on the 1099 package mailed to some tax payers each December from IRS. If you do not get a package, leave this field blank.
Test File? ( ) [T]est for Test	If you are submitting this as a test file to IRS, enter T in this field. Contact IRS for additional information on submitting a test file.
EMail: ( )	Enter your e-mail address.
Minimum Amt: (600.00)	This amount can be changed based on the amount included in your 1099 work file.
---Transmitter Information--- ( ) ( ) ( ) ( ) ( ) (-) ( ) ( )	This section is used if you are transmitting a file for a separate division of your organization. (For instance, if you are the county general division and you are submitting the file for the school department enter the county general division's information in the Transmitter Information fields, using the field names to the left as your guide.) In most cases this section will not be used.
EMail: ( )	Enter the contact person's e-mail address.
Media: ( )	For magnetic media filers, enter the number used to identify a particular piece of media. (Not normally used.)

This program creates a file named IRSTAX under your accounts payable data directory. If you are uncertain about how to transfer the file from your server to your workstation, contact your system administrator or customer support for assistance. Once this file has been created and you have access to the file, follow the instructions given by the IRS in Publication 1220 for file submission. (Electronic file is submitted thru http://fire.irs.gov website.)

WARNING!!! When the IRSTAX file is created, it will overwrite the existing IRSTAX file.

After building the electronic work file you may wish to print the file. This section will take you thru that process. From the Accounts Payable Master Menu select option 7**, Period End**. From the Period End Menu select option 27, **Print Electronic File**. The filename should be APFILES.IRSTAX – enter through this name to print this file. Specify the printer number you wish to use. The 1099 Electronic File Report should then print to the designated printer.



PREREQUISITE AND 1099 CHECKLIST

Prerequisite Checklist	Completed Date
1. Perform a daily or weekly backup.	
2. Set the 1099 flag.	
3. Clear Vendor Business YTD	
4. Rebuild Invoice Alternate Keys	
5. Rebuild History Alternate Keys	
The 1099 Process Checklist	**Completed Date**
6. Printing the 1099 Report:	
7. Build the 1099 Work File. Name of the File: ____________________	
8. Manipulate the 1099 Work File (if necessary):	
9. Create the 1099 Print File:	
10. Align & Print the Actual 1099 Forms:	
11. Create and verify the electronic file (if necessary):	
12. Create and Submit electronic file to IRS (if necessary):	