



General Ledger Setup

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General Ledger Overview

SedonaOffice is a complete financial application, from billing to financial statements. As a single software program, all the modules within the application are designed so all the financial transactions are immediately posted to the general ledger.

The primary purpose of recording financial transactions in the GL is so that financial statements may be generated for both management and tax purposes. The basic financial statements typically prepared by security companies and companies across all industries include:

- Balance sheet
- Income statement

These statements can present current year data, prior year data and budget data if available.

The General Ledger is the repository of financial transactions that are created as Users perform various tasks in SedonaOffice, such as:

- Receiving parts on purchase orders
- Entering vendor bills
- Issuing parts to jobs and service tickets
- Entering technician time and sales representative commissions on jobs and service tickets
- Creating customer invoices for jobs, tickets and recurring services
- Entering general journal entries

Accrual Based Accounting

SedonaOffice is an accrual based accounting application, which means Income and Expenses are recorded to the General Ledger at the time they are entered.

Most transactions are automatically recorded to the General Ledger as Users perform a task. Other transactions are entered manually and require that you have the requisite knowledge to record the transaction per your company's accounting policies.

Notes

SedonaOffice Accounting Basics

Each GL transaction must be dated and be comprised of at least one debit amount and one credit amount. The transaction date must fall in an “open status” *Accounting Period*, which is a calendar month within your company’s fiscal or calendar year. Each line item of the transaction must be coded to a GL account number listed in the company’s *Chart of Accounts*. The total debits and total credits must equal each other.

The SedonaOffice General Ledger also requires that all transactions must be coded to a *Branch*, and income statement items must also be coded to a *Category*.

Branches and Categories are setup and maintained in the SedonaSetup application. Accounting Periods and the Chart of Accounts are initially setup in SedonaSetup; once your company begins using SedonaOffice, these are maintained from the General Ledger module of the SedonaOffice application.

Accounting Periods

Accounting periods are used in SedonaOffice to track your General Ledger transactions within a specific period of time. By using Accounting Periods your company may generate reports based on consistent periods from both within a fiscal year and period vs. period for previous fiscal years. SedonaOffice supports a twelve (12) period fiscal year. When an accounting period is closed, it will “lock out” any changes to transactions made within that Accounting Period. Once an Accounting period has been set to Closed, it may be changed to a status of Re-Opened to allow only Users with the appropriate permissions to enter transactions into a previously closed period. This is typically for the purpose of manually creating Journal Entries for the prior period.

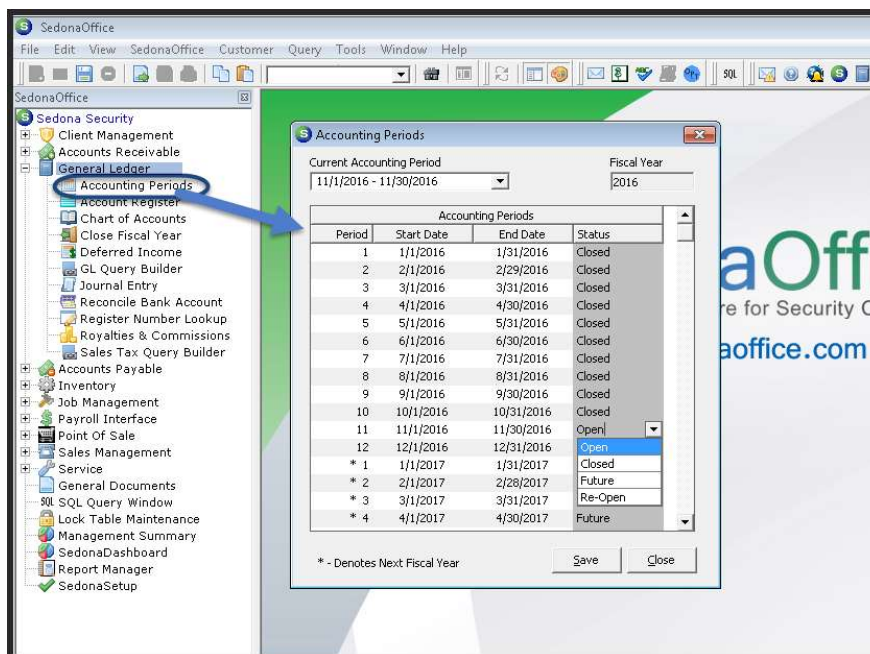


Chart of Accounts (GL Account Listing)

Your Chart of Accounts determines how financial transactions are stored. Think of two main segments for your Chart of Accounts; Balance Sheet Accounts and Income Statement Accounts.

Balance Sheet Accounts

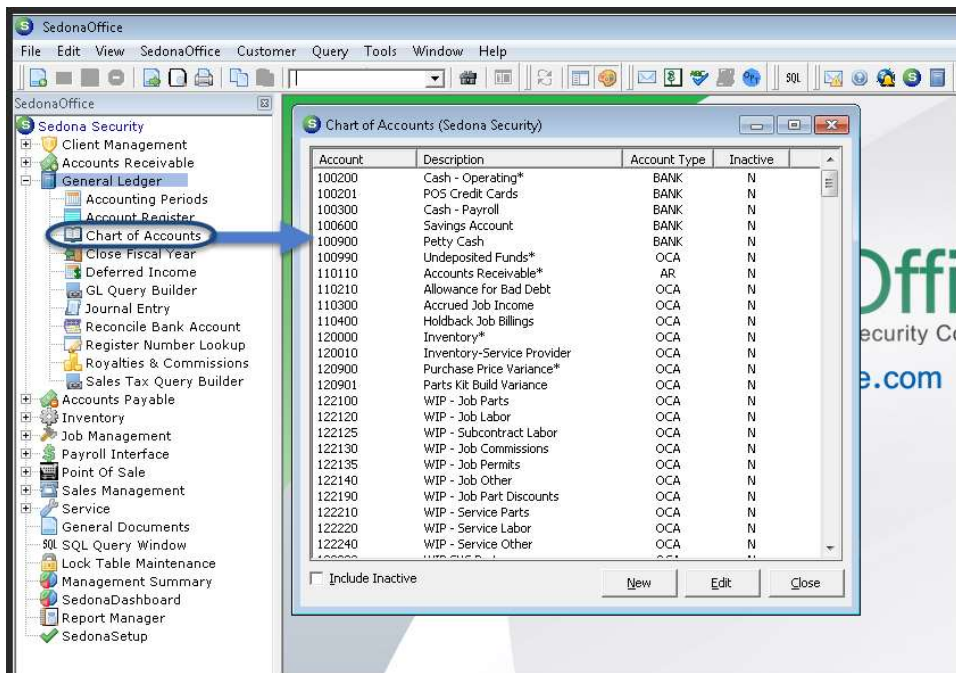
Balance Sheet Accounts track what you have (Assets) and what you owe (Liabilities). These accounts maintain a balance that continues forward even past your fiscal year. It also tracks what your company is worth (Equity).

Income and Expense Accounts

SedonaOffice tracks all income and expenses transactions in these account types. This is used to analyze the profitability of your business.

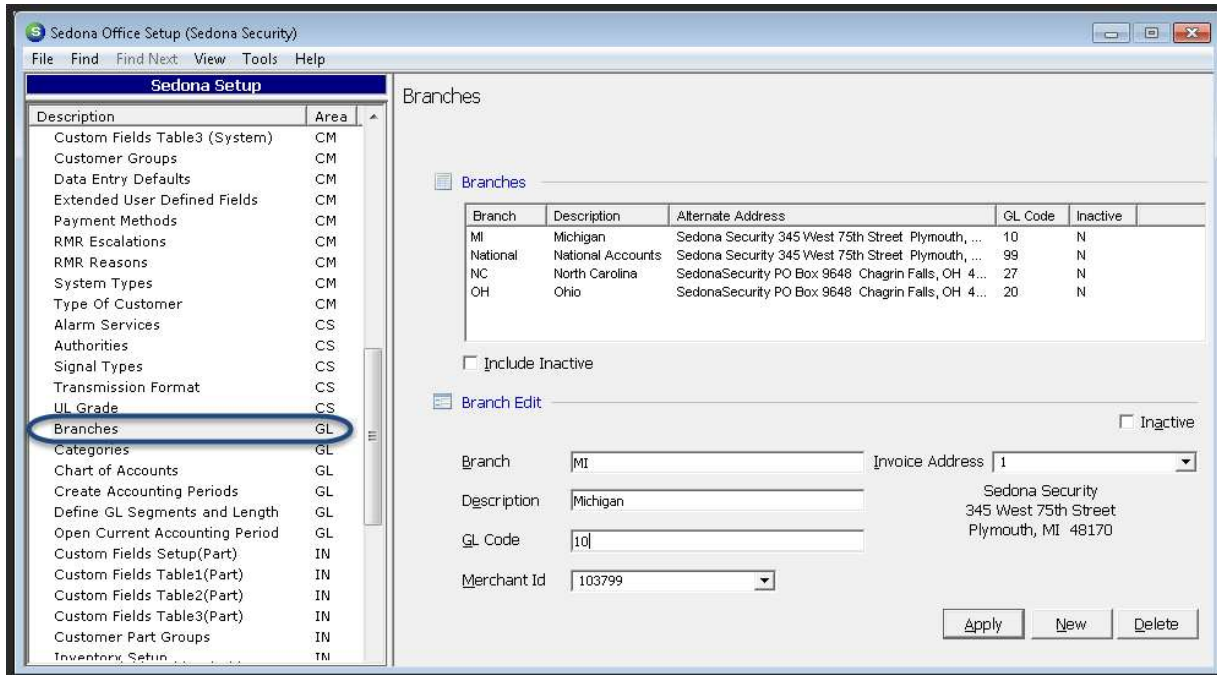
Income Accounts can be classified into two types of accounts, Income or Other Income. Ordinary income used to determine the operating profitability should be classified as an Income account type. Non-operating income such as interest, or a sale of equipment, should be classified as Other Income.

Expenses can also be classified as regular Expenses and Other Expenses. There is also a special account type called Cost of Goods Sold, which is used to recognize the expense of inventory materials, labor and sales commissions.



Branch

All transactions recording to the General Ledger must be coded to at least one Branch. A Branch is any grouping of G/L data within the Company; such as a remote office, acquisition, or another business entity. Companies have the ability to generate financial statements for individual Branches.



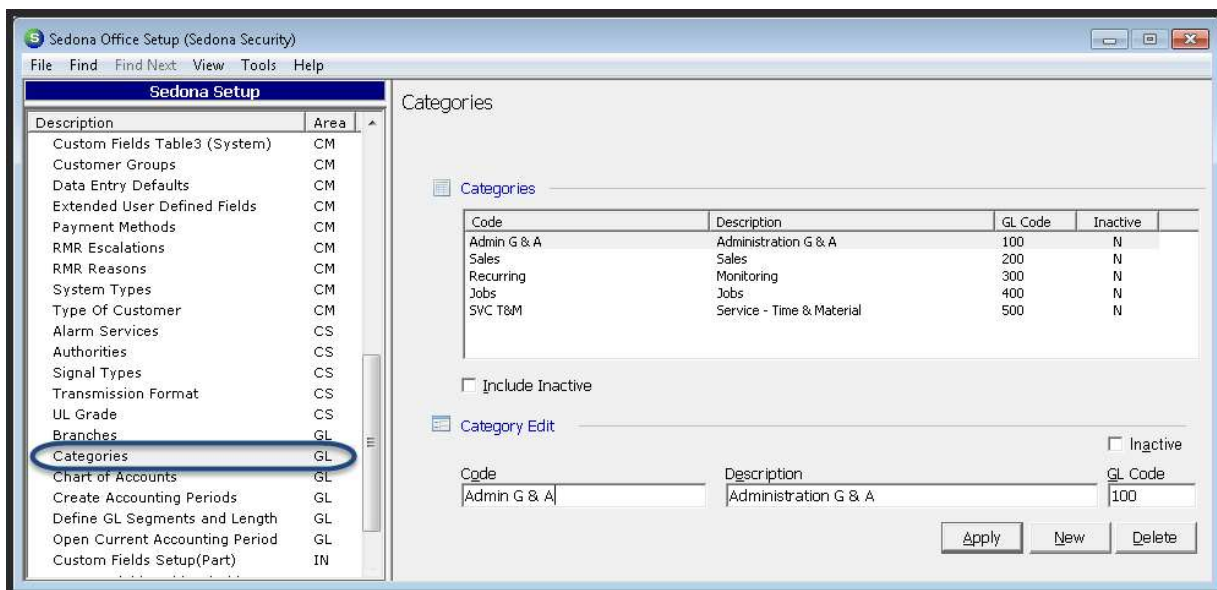
Notes

Categories

A Category is used to identify and record to the General Ledger transactions for income and expenses. Using Categories allows you to produce departmentalized profit and loss statements. You can think of a Category as a Department or Profit Center within your company and General Ledger.

The most typical Categories setup in SedonaOffice are:

- G & A (General & Administrative)
- Sales
- Installation (Jobs)
- Service/Inspections
- Recurring (Monitoring)



Notes

Posting Transactions to the G/L

When a company first implements SedonaOffice, a great deal of time is spent entering setup values that will default a specific G/L Account and possibly Category for a specific type of transaction based upon the company's preferences for financial reporting. The default G/L Accounts setup automate the posting of transactions so that Users do not need to make decisions on which G/L Account to select.

There are some transactions where the User has the ability to select a particular G/L Account for expense transactions; expense item purchase orders and A/P bills. Users performing these types of tasks should be briefed on which accounts are appropriate to use for the situation. There are options in SedonaSetup to limit which expense G/L Accounts a User is able to select for Jobs and Tickets. It is strongly suggested these options be setup to prevent data entry errors.

The top screenshot shows the 'Sedona Office Setup (Sedona Security)' window. The 'Service Setup' tab is active, and the 'GL Accounts for Misc Expense' sub-tab is selected. A table lists account codes and descriptions:

Account Code	Description	Type
520004	COS - Service-Subcontractor	Cost of Goods Sold
520005	COS - Service-Permits	Cost of Goods Sold
520006	COS - Service-Equipment Rental	Cost of Goods Sold
520008	COS - Service-Per Diem	Cost of Goods Sold
520009	COS - Service-Travel	Cost of Goods Sold
520011	COS - Service-Wire & Supplies	Cost of Goods Sold

The bottom screenshot shows the 'Sedona Office Setup (Sedona Security)' window. The 'Job Types' tab is active, and the 'Job Type Setup' sub-tab is selected. A table lists job types and their descriptions:

Job Type	Description	Category	Pctg Billing	Inact...
Fire-Com	Fire - Large Commercial	Jobs Com	N	N
Integrated-Com	Integrated - Large Commercial	Jobs Com	N	N
Intrusion-Com	Intrusion - Large Commercial	Jobs Com	N	N
Intrusion-Res	Intrusion - Residential/Small Co...	Jobs Res	N	N

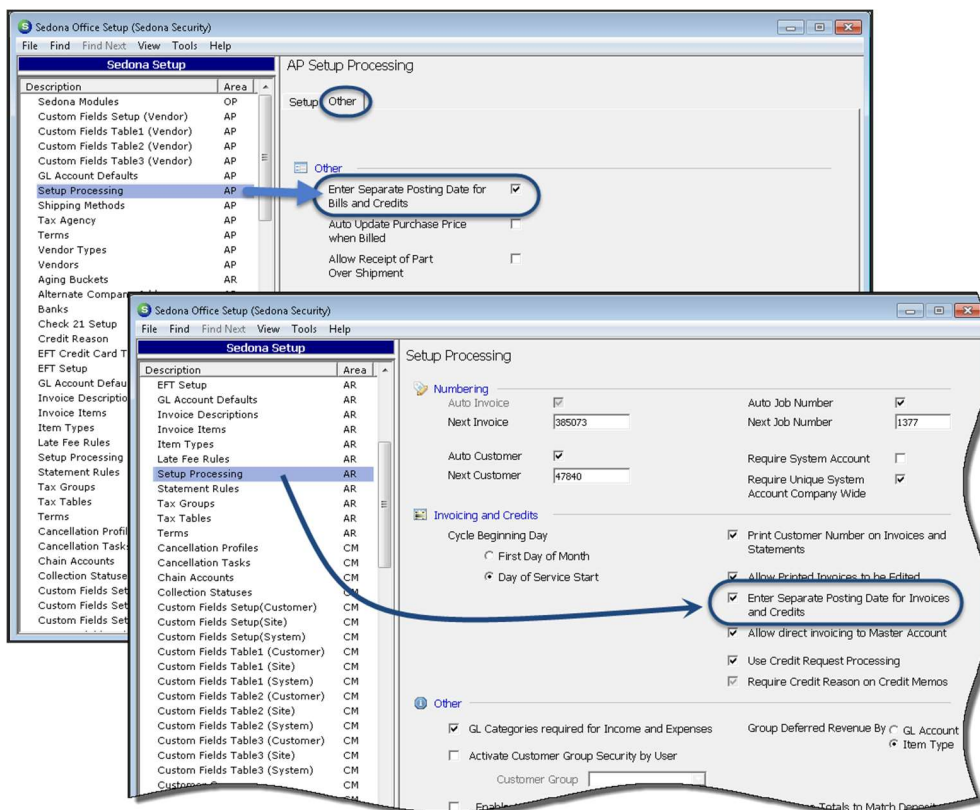
Below the job types table is a 'Job Type Setup' section with a table of account codes and descriptions:

Account Code	Description	Default Amount
510005	COS - Jobs-Permits	0.00
510006	COS - Jobs-Equipment Rental	0.00
510007	COS - Jobs-Engineering	0.00
510004	COS - Jobs-Subcontractors	0.00
580113	COS - Freight on Parts	0.00
510013	COS - Jobs Overhead-Misc Materials	0.00
520011	COS - Service-Wire & Supplies	0.00
510014	COS - Jobs Part Discounts	0.00
122190	WIP - Job Part Discounts	0.00
510001	COS - Jobs-Parts	0.00

Posting Dates

The date a transaction records to the General Ledger is determined by the transaction date or the posting date entered by the User. The transaction date would be the Invoice Date or Bill Date entered by the User. If the option is turned on (in SedonaSetup) to “Enter a Separate Posting Date”, then an additional field will be displayed on the form for data entry. The Separate Posting Date option is available for both A/P and A/R transactions.

If the transaction date or posting date entered for the User is in an Accounting Period with an Open status, the transaction will be posted. If the Accounting Period is Closed, the User will be presented with a message stating the Accounting Period is not Open, and not allow the posting of the transaction.



Notes

Below are examples of transactions posted to the General Ledger and what determines the posting Branch and Category.

Customer Invoice

Invoice Type	Category Source	Branch Source
Service	Ticket (default from System's Service Co)	Site
Inspection	Ticket (default from Inspection setup)	Site
Job	Job Type setup	Job Work Order (default from Site)
Recurring	Cycle Invoice Posting form	Site
Miscellaneous	Selected by User	Site

*** Accounting Period Closed - Accounting Data Locked ***

Customer ID: 105 Category: SVC T&M A/R Account: 110110 Tax Group: W-Wayne County

Invoice # 341156 Invoice Date: 7/19/2016 Aging Date: 7/19/2016

Ashley, Victoria
1022 Wayne Road
Salem, MI 48175

Site Address: **Ashley, Victoria**
1022 Wayne Road
Salem, MI 48175

Branch: MI P.O. Number: Term: Due On Receipt

Warehouse: Invoice Type: Service Ticket #: 3357

Salesperson: N/A

Items \$295.00 Parts \$40.00

Item	Description	Qty	Rate	Amount	Memo
SVC Call	Minimum Service Call Charge	1	115.00	115.00	...
SVC Labor	Service Labor	1.5	120.00	180.00	...

Description: Service Call Sub Total: 335.00

Contact: Tax: 23.89

Memo: **Total: 358.89**

Balance Due: 358.89

Complete Add to Print Queue Last Printed: 7/22/2016

Buttons: Invoice List, EFT, Save, Close

Notes

Accounts Payable Bill (Expense Items)

Bill Source	Category Source	Branch Source
PO Receipt - Ticket	Receipt	Site
PO Receipt - Job	Receipt	Job Work Order (default from Site)
PO Receipt - Stock	Default from Vendor setup	Default from Vendor setup
Manually Entered	Default from Vendor setup	Default from Vendor setup

Bills

Vendor: Verizon Wireless | Category: Admin G & A | Hold Payment

Vendor Bill

Vendor: Verizon Wireless
Address: P.O. BOX 15062
Albany, NY 12212

Reference #: 2016-10-01 | Branch: MI

Terms: Net 10 | Amount: 850.91

Bill Date: 12/7/2016 | Payment Due: 12/17/2016

Eligible for Discount Amt: 850.91 | Costing:

Parts: 0.00 | Expense: 850.91 | Documents | Show Branches | Show Job Cost | Single Expense Line

General Ledger							
GL Account	Description	Qty	Rate	Amount	Branch	Category	
610630	Communications - Mobile	1	120.55	120.55	MI	Admin G & A	
610630	Communications - Mobile	1	352.79	352.79	MI	Jobs Com	
610630	Communications - Mobile	1	55.88	55.88	MI	SVC T&M	
610630	Communications - Mobile	1	321.69	321.69	MI	Sales	

Memo:

Total 850.91
Balance Due 850.91

Notes

Prepaid A/R & A/P Accounts

SedonaOffice has built-in functionality to accommodate “Pre-Paid” situations in both Accounts Receivable and Accounts Payable.

Prepaid Accounts Receivable

A prepaid A/R situation occurs when a customer remits a payment and it is applied to an invoice with a future date. This can occur if your company generates cycle invoices and enters an invoice date in the future. For example, on December 15th you generate the January cycle and date the invoices January 1st. These are future dated invoices. If your customer pays the invoice on December 16th, the invoice really does not yet exist in your Accounts Receivable until the first of January.

To be able to apply the payment to a future dated invoice, a special G/L Account (Prepaid A/R) is used to post this transaction [SedonaSetup G/L Account Defaults for AR]. When entering the customer payment, a debit is posted to the Un-deposited Funds account and a credit is posted to the Prepaid A/R account on the date of the payment (12/16/2016). A second transaction is automatically posted and is dated 01/01/2017 (the cycle invoice date); debit to the Prepaid A/R account and credit to Accounts Receivable. This is all done behind the scenes.

Notes

Below are the transactions performed by the software when a payment is applied to a future dated invoice.

Transaction dated 12/16/2016 – posting a payment to the future invoice.

Journal Entry

Register No. 661860 Register Type: CHK

Journal Information

Branch: OH
 Date: 12/16/2016
 Primary Account: 100990
 Undeposited Funds*
 Reference: 1212

Show Job Costing Show Branches

General Ledger						
Account	Description	Debit	Credit	Memo	Branch	Category
100990	Undeposited Funds*	43.48			OH	
240110	Prepaid A/R*		43.48		OH	
Total		\$43.48	\$43.48			

Close

Transaction dated 01/01/2017 – clearing the Prepaid A/R Account with offset of Accounts Receivable.

Journal Entry

Register No. 661861 Register Type: CHK

Journal Information

Branch: OH
 Date: 1/1/2017
 Primary Account: 240110
 Prepaid A/R*
 Reference: 1212

Show Job Costing Show Branches

General Ledger						
Account	Description	Debit	Credit	Memo	Branch	Category
240110	Prepaid A/R*	43.48			OH	
110110	Accounts Receivable*		43.48		OH	
Total		\$43.48	\$43.48			

Close

Prepaid Accounts Payable

A prepaid A/P situation occurs when a Bill is paid prior to the date of the Bill. For example, on 12/07/2016 you enter a Vendor Bill with a Bill Date of 01/01/2017. This is considered a future dated Bill. If your company pays the Bill prior to 01/01/2017, the bill really does not yet exist in your Accounts Payable until the first of January.

To be able to make a payment on a future dated bill, a special G/L Account (Prepaid A/P) is used to post this transaction [SedonaSetup G/L Account Defaults for AP]. When entering the vendor payment, a credit is posted to the bank account and a debit is posted to the Prepaid A/P account on the date of the payment (12/07/2016). A second transaction is automatically posted and is dated 01/01/2017 (the date of the vendor bill); credit to the Prepaid A/P account and debit to Accounts Payable. This is all done behind the scenes.

Notes

Below are the transactions performed by the software when a payment is made for a future dated bill.

Transaction dated 12/07/2016 – paying the future Bill.

Journal Entry

Register No. 661865 Register Type: BILLPYMT

Journal Information

Branch: MI
 Date: 12/7/2016
 Primary Account: 100200
*Cash - Operating**
 Reference: 607

Show Job Costing Show Branches

General Ledger						
Account	Description	Debit	Credit	Memo	Branch	Category
100200	Cash - Operating*		199.00		MI	
140100	Prepaid A/P*	199.00			MI	
Total		\$199.00	\$199.00			

Close

Transaction dated 01/01/2017 – clearing the Prepaid A/P Account with offset of Accounts Payable.

Journal Entry

Register No. 661865 Register Type: BILLPYMT

Journal Information

Branch: MI
 Date: 1/1/2017
 Primary Account: 140100
*Prepaid A/P**
 Reference: 607

Show Job Costing Show Branches

General Ledger						
Account	Description	Debit	Credit	Memo	Branch	Category
140100	Prepaid A/P*		199.00		MI	
210100	Accounts Payable*	199.00			MI	
Total		\$199.00	\$199.00			

Close

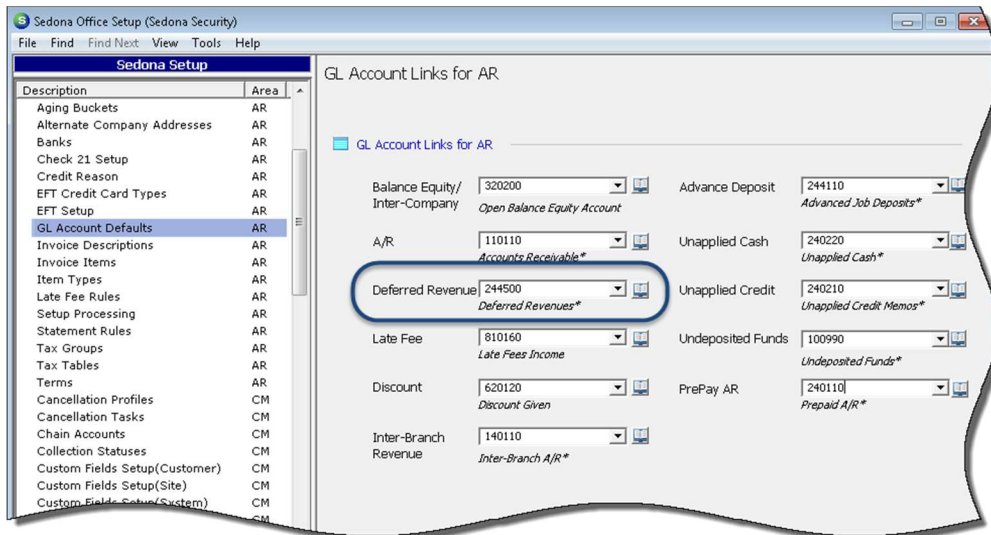
Notes

Deferred Revenue

In SedonaOffice, Deferred Revenue is an amount invoiced in advance of being earned. For example, if a Cycle Invoice is created and posted for \$25.00 on 12/01/2016 for services that will be provided 01/01 – 01/31/2017, the \$25.00 is unearned in the December 2016 accounting period. The revenue is deferred to the accounting period of the service period being invoiced – January 2017 in this example. When the cycle invoice is posted, the software will automatically debit Accounts Receivable account and credit the Deferred Revenue (liability type) account.

If a cycle invoice covers more than one month, such as a quarterly invoice, when posting the invoice, the software will automatically allocate the invoice deferred revenue into the appropriate month/year.

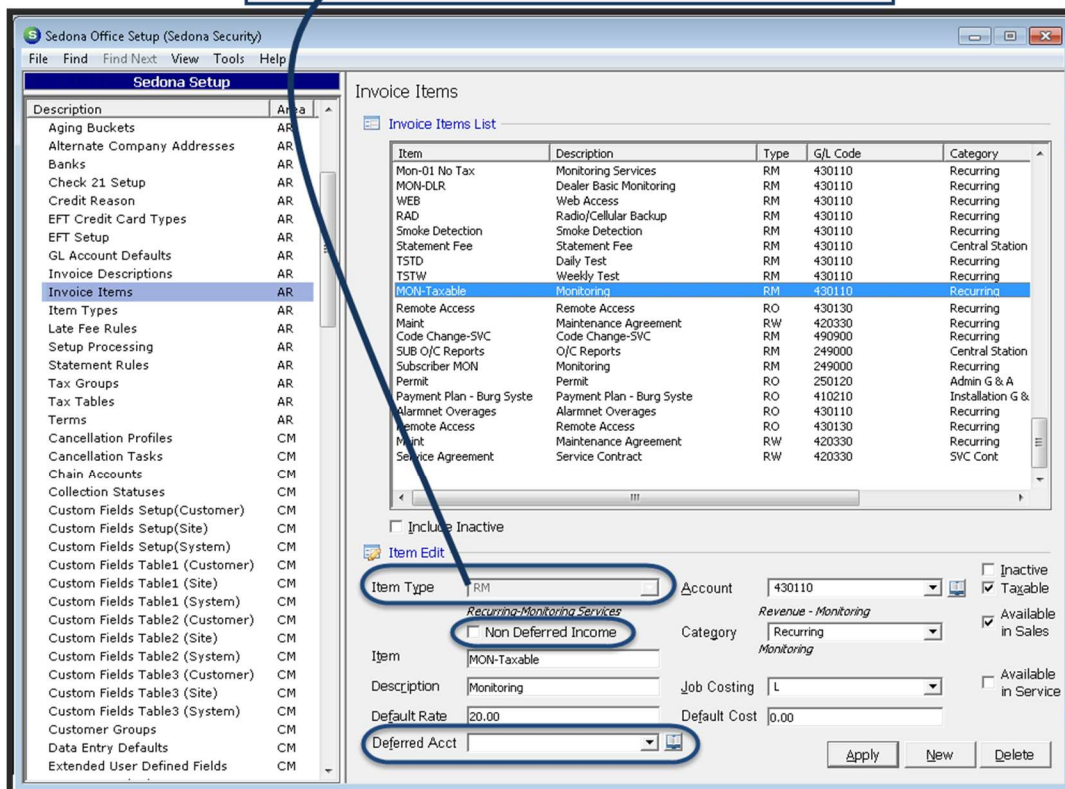
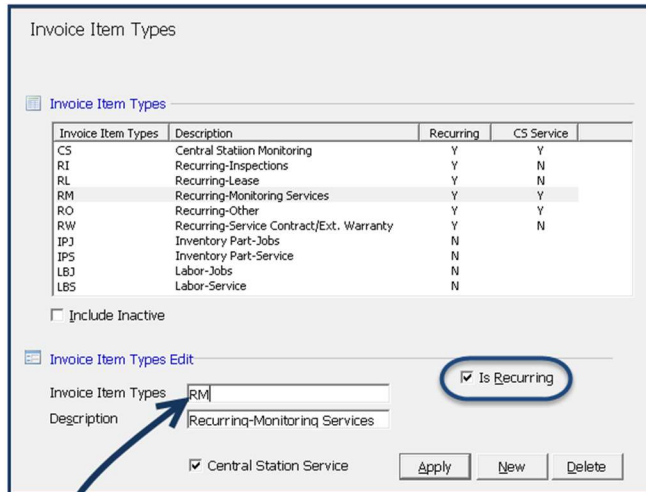
The default Deferred Revenue account that will be used for posting is setup and maintained in SedonaSetup/GL Account Defaults (AR). If a different Deferred account is specified on the Invoice Item setup, that deferred account will take precedence.



Notes

The Invoice Item(s) on the invoice determine whether the revenue will be deferred when an invoice is posted. If the Item Type of the Invoice Item is flagged as a “Recurring Type”, then the Invoice Item may defer revenue. If the “Non Deferred Income” checkbox is selected on the Invoice Item setup, that Item will not post to the deferred account; charges invoiced for non-deferred items will post immediately to your revenue accounts.

A field is available on the Invoice Item setup to select the Deferred Account. This field may be left blank if your company uses a single Deferred Revenue account company-wide.



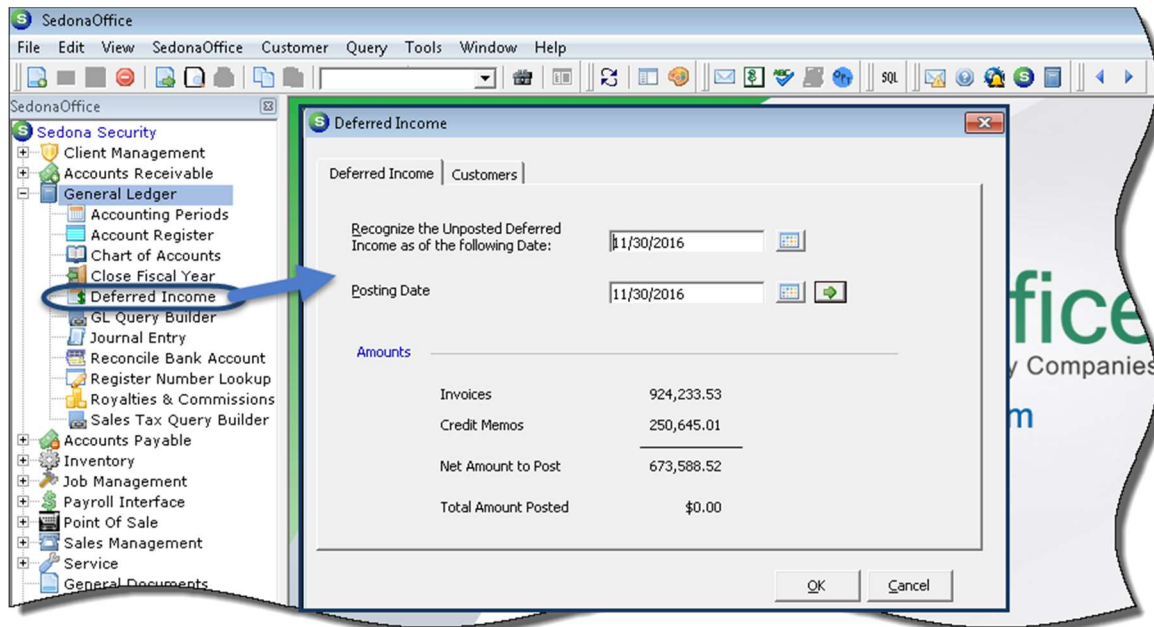
Deferred Income Process

Each month a User will run the Deferred Income process (option from the G/L module). The User selects the month/year for the revenue to be earned. The program will move amounts from the Deferred Revenue account to the Revenue accounts associated with the items that were invoiced.

Typically, the Deferred Income process is run once a month, however it may be run multiple times throughout the month to earn eligible revenues for invoices that were posted throughout the month. This process can take from a few seconds to several minutes depending on the volume of data being processed (number of invoices).

i While the Deferred Income process is running, other Users should not be working in any areas that may affect the deferred posting process. Tasks/process that should be suspended until the process is complete are:

- Creating any type of invoice
- Modifying any type of invoice
- Cancelling Recurring Lines (manually or through the cancellation queue)



Notes

Financial Reporting

The financial statements are the product of all your data gathering within SedonaOffice. Financial statements are essential for understanding a company's financial status and performance. Three options are available for your company to generate financial reports; pre-designed reports available within SedonaOffice, Excel Financials, and Vivid Reports™ CPM. Depending on the complexity of your business structure and reporting needs, one of these options will suit the needs of your company.

SedonaOffice Financial Reports

SedonaOffice includes several pre-designed Income Statement and Balance Sheet reports. These reports may be produced by Branch or a consolidated report for the entire company. The design of these reports are very “vanilla” and cannot be modified. Any of the SedonaOffice financial reports may be exported to excel for manipulation if desired.

Notes

Excel Financials

Using this method, general ledger data is exported to reporting tables and financial reports are generated with an ODBC connection to this data source. Companies have the flexibility to design their financial reports (group various GL Accounts, Branches, and Categories) depending on their reporting needs. There is some setup involved with this tool. There is no charge for the program, however training for this product is billable on an hourly basis. A document that explains the Excel Financials setup and use is available for download from the SedonaOffice website: <http://www.sedonaoffice.com/wp-content/uploads/2014-SOUC-Financial-Reporting-Using-Excel.pdf>. For more information contact SedonaOffice Support.

Notes

Vivid Reports CPM

This is a third-party product which uses General Ledger data from your SedonaOffice database to quickly produce, deliver and analyze powerful and interactive financial reports and budget models. This reporting tool empowers team members and stakeholders to immediately access the financial information and Key Performance Indicators they need to gain valuable insight, ensure targets are met and achieve maximum financial performance. For more information on this product, contact the SedonaOffice Sales department for additional information.

Notes