



on Client Ledger System™ Software

A Financial MicroSystems, Inc. Publication • Volume 17, Issue 1 • 4th Quarter of 2011

CLS 6.2 Release Scheduled for December 2nd

CLS 6.2 (the update to the MS-DOS version of CLS) is nearing completion and is currently scheduled for release December 2nd. This release includes the new 2011 W-2/W-3 and 1099/1098/1096 formats. The W-2 has been changed to remove Box 9 (EIC), and new column types (Q8, KE) have been added to PF 3 for reporting *Employer Sponsored Health Coverage* (required for 2012, optional for 2011) and *Roth Contributions to Section 457(b) Plans*. The W-3 form has been modified to remove *EIC* and *Hire Act Wages* and add *Kind of Employer* (options V, W, Y and Z in PF 1).

Forms 1099-MISC and 1099-INT are basically unchanged, but forms 1099-DIV, 1099-A, 1099-B, 1099-C, 1099-R and 1096 all have alignment changes. CLS 6.2 also includes required changes to the federal 940, 941, 943 and 944 forms for the 2011 year-end. The 941 format for 2012 will be part of the March 2012 CLS 6.2 update.

With CLS, all W-2 and W-3 forms (including Copy A) may be printed on plain paper. Submittable 940, 941, 943 and 944 forms may also be printed on plain paper. For 1099, 1098 and 1096 forms, all copies *except Copy A* may be printed on plain-paper. Copy A must be filed using "official" scannable forms (the IRS may impose a penalty for using non-scannable forms).

State unemployment wage reports (continuation sheets) for Iowa, Maine, Nebraska, Utah and Washington have been revised; other states will be updated as needed. Most of the wage reports printed by CLS can be submitted on plain paper, but West Virginia and Wyoming require that you use pre-printed forms. Alabama, Massachusetts, Minnesota and New Jersey require electronic filing for all employers, so CLS prints only a file copy for these states.

The CLS 6.2 update is required if you plan to print submittable federal payroll tax forms on *plain paper*. Remember that your CLS 6.2 update also entitles you to download updates for payroll tax form changes during the first three quarters of 2012.

FICA and FUTA rates for 2011, 2012

For 2012, the Social Security Wage Base will increase to \$110,100. For 2011, the wage base is \$106,800, the same as it was in 2009 and 2010. For 2011, the *employee's* Social Security withholding rate was reduced to 4.2%, while the *employer's* contribution remained at 6.2%. For 2012, both the employee and employer rates are projected to be 6.2%; however, bills currently being considered by Congress may change this.

During 2011, the FUTA rate for the second half of the year was reduced from 0.8% to 0.6% when the 0.2% surtax expired. CLS 6.2 will automatically use the correct rates when calculating FUTA taxes for the 2011 Form 940.

CLS~CheckWriter Payroll Tax Updates

CW 3.01 includes new federal and state payroll tax tables for 2012 (employee Social Security will revert to 6.2% on January 1, 2012). The new version will be released just before Christmas.

30 Years of CLS and Counting...

This year, the Client Ledger System (CLS) celebrates its 30th anniversary. Originally released through TCS Software in December 1981, it first ran on newly-available microcomputers using the CP/M operating system. CLS has been continually updated, improved and supported for 30 years. *Thank you* to all our loyal users!

CLS II will be available this December

CLS II, the “Windows” version of CLS, will be available this December, **but with a few missing features**. CLS II is very similar to the DOS version, but with taller screens. It is keystroke-driven (it doesn’t recognize the mouse), but is otherwise completely Windows-compliant. It works with all current versions of Windows (XP, Vista or Windows 7), and can use any Windows printer. CLS II includes a built-in PDF-writer and a text editor for transmittal letters.

Your existing CLS ledgers and transmittal letters can be converted to CLS II using the built-in import routines. The first step, extracting ledger information from the DOS version of CLS, **must** be performed in a 32-bit environment (such as Windows XP or XP Mode). The second step, importing the ledgers into CLS II, can be run on any Windows XP, Vista or Windows 7 computer.

What should I do if I just want to evaluate CLS II?

You don’t need to take any action. Your CLS 6.21 CD will contain a copy of CLS II, and you will receive a demo product key that lets you install and use it for up to 90 days. The demo version of CLS II does not include the PDF Writer, but is otherwise complete. Both products will come with 90 days of free support.

What if I want to order CLS II now?

On the enclosed CLS update order form, add the one-time “conversion” fee to your normal update price. There is no extra charge to convert your existing CLS add-on products.

The conversion fee for the different versions of CLS is listed below:

- | | | | |
|---------------------------|-------|-----------------------|------|
| • CLS Network Version | \$239 | • CLS~Limited Edition | \$99 |
| • CLS Single-User Version | \$179 | • CLS~General Ledger | \$79 |

You will receive a CD containing both CLS 6.21 and CLS II, along with product keys for both. Both products come with 90 days of free support.

We recommend that, if possible, you continue to use the DOS version of CLS through year-end – to make sure everything runs smoothly - and begin using CLS II for your 2012 processing.

Here’s what will be missing from the initial CLS II release...

- Batch Processing (BP)
- Calculated Journal Entries (Departmental Cost Allocation)
- Formal Journal Entries
- Print Client Labels (LF 3)
- Renumber accounts, departments and employees
- Worksheet Interface (WI)
- The SM, TX and XM add-ons

And here’s what will be included...

Financial Statements: Transmittal Letters, Balance Sheets, Profit & Loss Statements, Supplemental Reports (Cash-Flow Statements)

Other Reports: Bank Reconciliation, Depreciation/Amortization Schedules, Lead Sheets, Ratio Analysis

Supporting Reports: General Ledgers (Current and Year-to-date), Transaction Registers (Current and Year-to-date), Trial Balance

Payroll-related functions: Computed Transactions, Payroll Journal, Query Employee Detail, State unemployment wage lists, W-2, 1099, 940, 941, 943 and 944 forms

Other Programs: Accounting Transfer, End of Period Processing, Enter Transactions, Ledger Initialization, Maintenance Programs, Post Transactions, Query Account Detail, Query Transaction Detail, System Initialization, Time-Tracker

CLS Add-ons: W-2/1099 Electronic Filing (TM), Unemployment Plus (UP)

Updates for CLS 6.2 Add-on Packages

If you are using any of these add-on packages, they must be kept "current". Add-on packages for CLS include:

- SUTA Magnetic Media (SM)
- W-2/1099 Magnetic Media (TM)
- Tax Package Interface (TX)
- Unemployment Plus (UP)
- XML Filing of 940, 941 and 944 Forms (XM)

The **SUTA Magnetic Media** (SM) program, *for filing state unemployment tax wage information on magnetic media*, has been updated to reflect file format changes for 2011. With the **SM** program, you can submit *wage continuation sheet information* electronically. A few states also require a separately printed tax return or transmittal form. Except for Connecticut, South Carolina, Tennessee and Texas, filing requirements are per employer.

State	Filing Requirement	Comment
Alabama	All employees	Must also submit UP form unless filing online
Arizona	Not required	Must also submit UP form
Arkansas	250+ employees	Online submission only
California	250+ employees	
Connecticut	All new employers, 250+ employees (all other filers)	Online submission only
Florida	Varies	Online submission only
Georgia	100+ employees	
Illinois	250+ employees	
Kansas	50+ employees	Online submission only
Kentucky	10+ employees	Online submission only
Louisiana	100+ employees	
Maryland	100+ employees	Must also submit UP form unless filing online
Massachusetts	All employers	
Michigan	Not required	Online submission, must also submit UP form
Minnesota	All employers	Online submission only
Mississippi	250+ employees	Must also submit UP form
Nebraska	Payroll of \$100,000 or more	Online submission, must also submit UP form
New Jersey	All employers	Online submission only
North Carolina	100+ employees	
Ohio	Not required	Must also submit UP form
South Carolina	100+ employees (all employers or agents)	Online submission only
Tennessee	250+ employees (all employers or agents)	Must also submit UP form
Texas	10+ employees (all employers or agents)	
Virginia	100+ employees	Online submission only
Wisconsin	25+ employees (all agents)	Online submission only, must also submit UP form
Wyoming	Not required	Must also submit UP form

The **W-2/1099 Magnetic Media** (TM) program has been updated to reflect file format changes for 2011.

The **Unemployment Plus** (UP) program, *which provides the ability to print submittable unemployment tax cover pages for certain states*, has been updated for 2011. CLS 6.2 includes support for the Utah 33H format. With the **UP** program, you can *print unemployment tax returns* for:

Alabama UC-CR4 (file copy only) *	Arizona UC-018	Arkansas DWS-ARK209B
California DE-9	Connecticut UC-2/5A	Florida UCT-6/6W
Georgia DOL-4	Illinois UI 3/40	Kansas K-CNS-100
Kentucky UI-3	Louisiana ES4-B/C	Maryland DLLR/OU-15
Michigan UIA-1020	Minnesota DEED-1 (file copy only) *	Mississippi UI-2/3
Nebraska UI-11T	New York NYS-45-MN	North Carolina UI-101
Ohio JFS-66111	South Carolina UCE-120/101	Tennessee LB-0456/0851
Texas C-3	Utah 33H	Virginia VEC-FC-20
Wisconsin UCT-101		

* Alabama and Minnesota require electronic filing for all employers. You can use **UP** to print a *file copy* of the tax return.

The **XML Filing of 940, 941 and 944 Forms** (XM) program lets you create 940, 941 and 944 XML files to be submitted to the IRS electronically. Additional third-party software is required to transmit the XML files to the IRS. Ericom Software's *ProTerm Enterprise Suite* is bundled with the XML Filing program. The current XML file formats have been updated for 2011. Any changes required for 2012 reporting will be available in March.

FMSI Holidays

Please take note! Financial MicroSystems will be closed on November 24th - 25th for Thanksgiving, and December 23rd, 24th and January 2nd for the holidays.

Running the DOS version of CLS under Windows 7's XP Mode

CLS cannot be installed directly on a computer running the 64-bit version of Windows 7. However, if you have the Professional version of Windows 7 (an upgrade from the home edition costs about \$95), Microsoft offers a free download of *Windows XP Mode*.

XP Mode provides a licensed version Windows XP, Service Pack 3, which runs "under" Windows 7. CLS normally runs quite well in this environment; however, here are some tips to help you get the best performance:

- 1) *For more flexibility when shutting down XP Mode*, click on *Tools* at the top of the XP Mode screen, then *Settings*, and then *Close*. Select *Prompt for Action*.
- 2) *Select a large enough screen size for CLS*. The CLS icon properties need to be configured correctly: On the *Layout* tab, set the *Screen Buffer Size* and *Window Size* to 80x25. And on the *Font* tab, choose *Lucida Console* and select a font size of 24. You can play with the font size, but when you start CLS make sure that no scroll bars are displayed.
- 3) *For XP Mode, you'll need a CLS-compatible printer connected to a USB port*. Once the printer has been installed in both Windows 7 and XP Mode, click the USB drop-down menu at the top of the XP Mode screen and "attach" your printer before printing from CLS. Remember to "release" the printer in order to use it in Windows 7.
- 4) *Run XP Mode itself in the full-screen mode*. If you run it in a "window", then every time you press the F1 key to access a CLS popup, Windows Virtual PC Help will open and get focus instead of the CLS popup window.
- 5) *If you are running CLS in a network environment, select the correct network adapter for your system*. Click on *Tools* at the top of the XP Mode screen, then *Settings*, and then *Networking* – for *wired* networks, the correct adapter will often be a Realtek Ethernet card; the default, *Shared Networking (NAT)*, should not be used. You can then join a workgroup or domain just as you would on any other computer running Windows XP.
- 6) *Be sure to allocate enough memory to XP Mode - with the default setting, 512MB, XP Mode may be very sluggish*. If your computer came with 4GB of RAM or more, you can safely assign 2048 MB to XP Mode; if it came with 3GB or less, use 1024 MB instead. See *Configure virtual machine memory* in Windows Virtual PC Help for more information.
- 7) *If you keep your CLS ledgers on the XP Mode C: drive, be sure to back them up to an external drive*. When you use an external hard drive, flash drive or floppy disk with XP Mode, remember to "attach" the drive (using the USB drop-down menu) before you try to access it.
- 8) *If your Windows 7 computer is connected to the Internet*, be sure to install anti-virus software in XP Mode.

Update Reminders

- Order confirmations are now being emailed as orders are entered. Please verify that we have the correct email address listed on your order form and correct it if necessary.
- CLS add-on programs are compatible *only* with the CLS version for which they are released. If you use the Tax Package Interface, W-2/1099 Magnetic Media, Unemployment Plus, SUTA Magnetic Media or XML Filing of 940, 941 and 944 Forms add-on products, remember to update them also. Update prices for add-on products apply *only* if you own licensed versions of those products.
- Place your order early! Orders are processed and shipped in the order received. Once CLS 6.2 is released, orders are processed *during* shipping, which increases the turn-around time. During the holiday season, delivery delays are beyond our control.
- Updates for CLS bug fixes are available free of charge from the CLS website. If you would prefer to receive those bug fixes by mail, you may subscribe to CLS 6.2 updates-by-mail for \$85.
- Review your order form for accuracy. Is your credit card number correct, including the expiration date? If you charge the update to a personal credit card, be sure to provide the billing address associated with that card.
- Do not include sales tax *unless* you are located in *Georgia*.

CLS Focus is published by Financial MicroSystems, Inc. for users of Client Ledger System™ software. We encourage readers to share ideas for publication. Forward all correspondence, including address changes, to:

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