

Accordant Bulletin

Welcome to the Accordant Bulletin for Sage Timberline Office users!

December 2010

Each month, our goal is to provide you with tips and tricks to make you an expert in Sage Timberline software. Accordant's consultants will teach you how to improve your productivity and knowledge of this powerful solution.



Our Sage Timberline Office Consultant this month is Deborah Diehlmann, CPA. She has over 20 years experience in the construction industry. Her experience includes working as a Controller for a Heavy and Highway firm; a partner in a Residential Design/Build firm; a partner at Aronson & Company managing the firms' Construction

Information Technology Group; and most recently as an Independent Consultant to Accordant Company. She earned a Bachelor's Degree in Accounting from the University of Maryland and Master's Degree in Technology Management from the University of Maryland University College. Deborah is a Timberline Certified Consultant in Estimating, Construction Accounting, Project Management, Service Management and Property Management.

Here is Deborah's tip for this month:

Complying with the New Healthcare Reform Bill

Healthcare Reform Reporting Requirement

The recent healthcare reform bill included new W-2 reporting requirements beginning with the 2011 tax year. Though the requirement has been delayed a year, the topic is creating a buzz among Human Resource and Payroll Administrators.

Specifically, the healthcare bill states that employers are required to calculate and report the total cost of employer-sponsored health insurance coverage for every employee. Though this amount will be reported on the



Accordant

Learn more about Sage Timberline Office

Want to attend a classroom training session? Click on the link for a course outline, registration form or more info.

[Crystal Reports](#)

January 19-20

[Construction Accounting](#)

January 24-26

[Project Management](#)

February 3

Attend a Webex

Learn more about other powerful tools for Sage Timberline Office. Attend a free online demo!

[MyAssistant](#)

December 14, 4pm EST

December 22, 11am EST

[OnScreen Takeoff](#)

employee's W-2, it does not mean that the employee will be taxed on the value of the coverage. In fact, this new reporting requirement is for informational purposes only and will not increase taxes to the employee or employer.

The IRS has yet to issue specific guidance on where exactly this number needs to be reported on the W-2. However, it is suspected it will either be reported in Box 12 or 14. Or perhaps the W-2 will be redesigned to accommodate this new number. The issue of where and how the amount will be reported on the W-2 is an easy one if the employer is pro-active and begins capturing the data before the start of the reporting year.

Timberline is ready, are you?

As employers became aware of the reporting requirement, several clients contacted me asking when Timberline would update the software to accommodate the requirement. Fortunately, the response was, "You can begin the data capturing process with existing Payroll functionality. Once the W-2 format is released, we'll be able to place the amounts on the W-2 similar to that done today for 401K and Section 125 deferrals."

In Payroll we are able to set up a variety of Fringes. Typical fringes include Certified Fringes, Workers Compensation accrual and Indirect Allocations. A common Certified Fringe is the value of the health insurance premium paid by the employer on behalf of the employee. Since the software has the ability to capture this information for Certified Payrolls, it would be easy to expand this concept to calculate the cost of health insurance provided to all employees.

Calculating the Cost of Employer-Sponsored Health Insurance Coverage

My recommendation is to set up new fringes specifically for complying with the healthcare bill. There are a couple of reasons behind this recommendation. First, Certified Fringes are posted to Job Cost and the General Ledger (GL). Fringe calculations for compliance with healthcare reform do not need to be posted to the GL. A simple year-to-date accrual in Payroll would suffice. Secondly, specific unique fringes would facilitate proper reporting of the data in reports and on W-2's.

Similar to Certified Fringes, identify the varying health insurance options offered to employees. In Excel create a list of these options along with the monthly cost. In the next column, calculate the annual cost of the coverage. Then in the last column, calculate the per pay period cost by dividing the annual cost by the number of pay periods throughout the year. IE: 52, 26 or 24.

The next step is to create a Fringe in Payroll (Payroll >

December 17, 9am EST

Office Connector

December 16, 3:30pm EST
December 23, 3:30pm EST

TimberScan

December 14, 10am/4pm EST
December 22, 10am/4pm EST



Authorized Partner

Select 2011

**January 2011 Lunch
and Learn Session**

Topic:
Preparing 1099 Forms

**Date: Thursday,
January 13th from
12:00pm-12:30pm.**

Brown bag your lunch
and join Accordant
during this **free** webinar.

[Register Here](#)

Accordant Company- Main Office

110 South Jefferson Road
Whippany, NJ 07981
T. 800-363-1002
D. 973-887-8900
F. 973-887-8901
www.AccordantCo.com

Other Accordant offices are located

Setup > Fringes...) for each health insurance option identified above. For example, if the monthly cost for family coverage on the HMO plan is \$630 and employees are paid weekly, the setup for that fringe would be similar to the following:

- in:*
- Ambler, PA
 - Ellicott City, MD
 - Melville, NY
 - Newton, MA
 - Pittsburgh, PA
 - Stamford, CT

The screenshot shows the 'Fringe Setup' dialog box with the following details:

- Fringe ID:** INS_HMO_FM
- Description:** Health Ins - HMO Family
- Printed desc:** HMO FM
- Distribute to:** GL JC EQ BU
- Options:** Retain YTD totals at close year, Automatic employee fringe, Certified fringe, Workers' comp table
- Accounts:** Liability account, Expense account
- Codes:** JC Cost Code, JC category, EQ cost code
- Calculation:** Calc method: Flat amt, Amount: 145.38000
- Buttons:** Save, Cancel, List, Attachments..., Table, Help

Once all master fringes are setup, proceed to setup the correct fringe for each employee (Payroll > Setup > Employees... > Fringes). If you complete the setup process before the end of this year you'll have time to review and tweak the setup and calculations prior to the start of the new tax year.

Even though the requirement for reporting on the cost of employer-sponsored health insurance coverage has been delayed, imagine the benefit of having this information to share with employees. Employees often are not aware of the true cost of employee benefits. If you setup fringes for all employer provided benefits, you'd be able to generate a Benefit Statement for each employee. Issuing this statement on a quarterly basis would help in having each employee understand the true value of their compensation package.

If you would like to schedule Deborah Diehlmann as your consultant, please contact Swati Raje at 973-887-8900 x105 or Judy Monahan at 973-887-8900 x100.