SOUC 2018

SedonaOffice Users Conference

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General Ledger Setup

Presented by:
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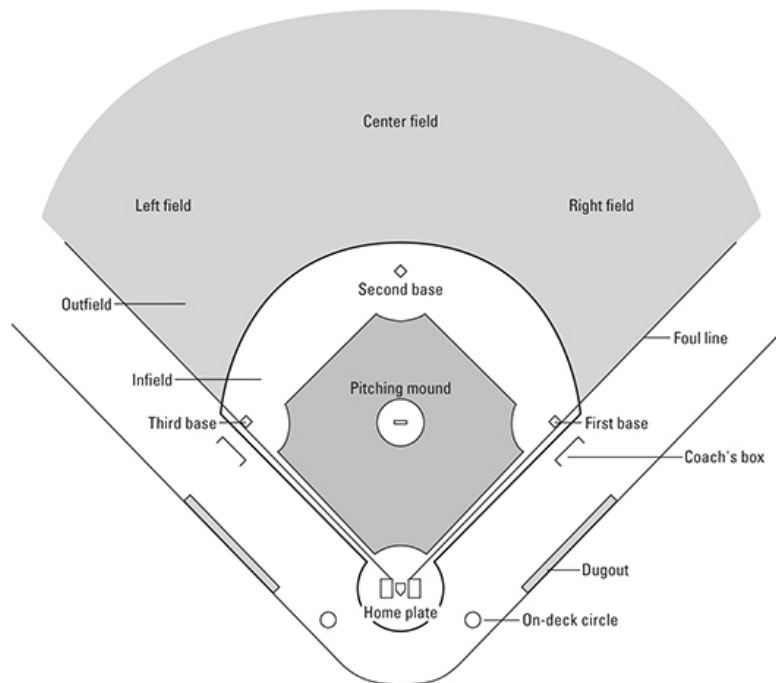Debbie Stephens

PERENNIAL SOFTWARE
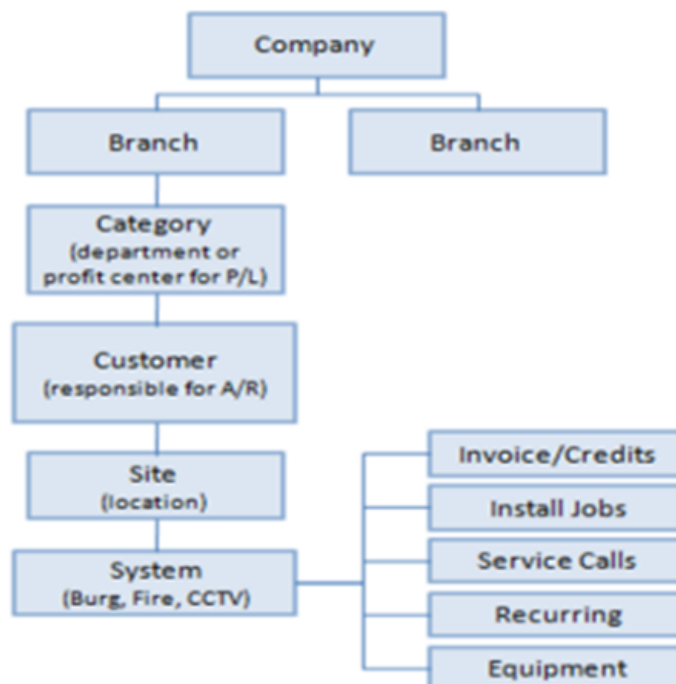
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SedonaOffice Setup

Like the design and SETUP of a **baseball field**, how your company is setup in SedonaOffice matters. Although the base structure is the same for all companies, as you can see below, how those pieces and parts come together in the General Ledger is as individual as it gets.

General Ledger Setup

The setup of the General Ledger (GL) is essentially made up of three elements, two of which are seen on the previous page. The third is the Chart of Accounts. All three are listed here.

1. Branches

2. Categories

3. Chart of Accounts

Branches

Financial results can be reported by Branch. If only one Branch is needed it can be called MAIN or any other name you think fits the bill. We have seen single branches shown as Main, Corporate, or even the name of the City or State in which the company resides.   When there are multiple physical locations of Branches it's typically a good practice to use their physical location, especially if those Branches are in different states.

Those Branches would typically be considered operating Branches.

Note: In the case of multiple Branches it might make sense to create a Corporate Branch separate from the operations of a Branch so that corporate expenses do not clutter the results of the Branch that handles the Corporate affairs.

Demo Data					
Income Statement By Branch					
For the Period ended October 2016					
	Branch 1	Branch 2	Branch 3	Branch 4	Combined
Total Revenues	796,589.52	367,116.85	606,534.70	-	1,770,241.07
Total Cost of Goods Sold	506,948.24	181,461.84	398,843.62	-	1,087,253.70
Gross Profit	289,641.28	185,655.01	207,691.08	-	682,987.37
Total Expenses	237,013.16	128,038.33	165,563.06	54,532.82	585,147.37
Total Other Income	(980.76)	(1,559.62)	(1,025.24)	-	(3,565.62)
Net Income	53,608.88	59,176.30	43,153.26	(54,532.82)	101,405.62

Branch 4 above would be considered the Corporate Branch in this case. Note: if the corporate expenses were included in any of the other Branches it would definitely alter the results, thus not allow for proper comparisons between Branches.

Categories

Categories are the second essential element required to create the GL Structure needed to produce insightful financials. Categories can be general in nature tracking major Departments like Installations, Service, and Monitoring.

Remember you are able to run full income statements related to Categories. As in the example on the previous page, you will have a full income statements relate to all three of the major Categories listed above Installations, Service, and Monitoring.

As in the previous example regarding Corporate expenses, rather than setting up a Corporate Branch, you could also just decide to use a Category called "Corporate" and simply exclude that Category when running the Category Income Statements.

In this example, Categories are used to reflect Profit Centers or Revenue Types.

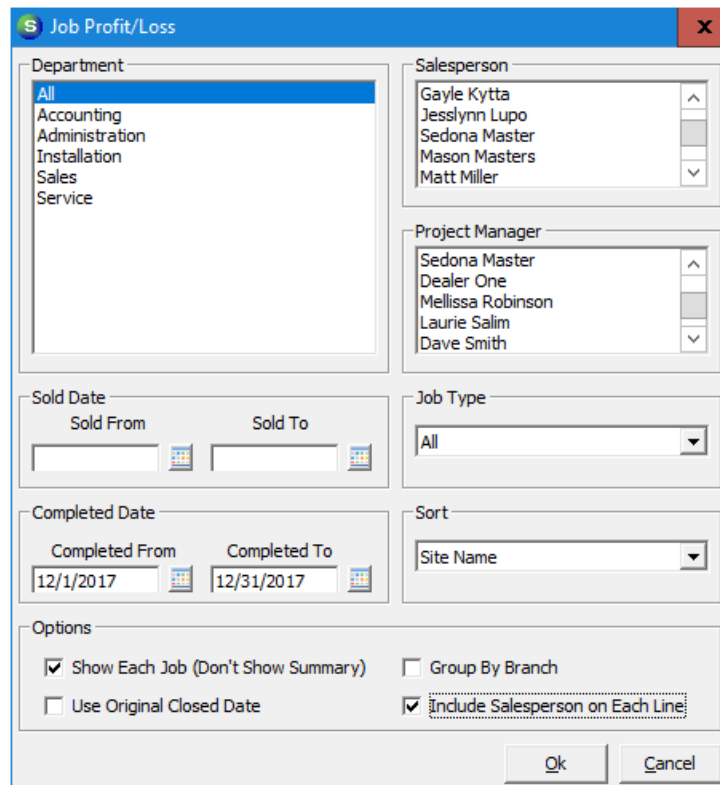| Demo Data				
Income Statement By Category Branch 3				
For the Period ended October 2016				
		Installation		
	Security	Comm. Fire	Commercial	Combined
Total Revenue	178,615.49	139,157.58	288,761.63	606,534.70
Total Cost of Goods Sold	144,033.69	68,399.17	186,410.76	398,843.62
Gross Profit	34,581.80	70,758.41	102,350.87	207,691.08
Total Expenses	38,261.52	53,831.96	73,469.58	165,563.06
Total Other Income	(641.16)	(135.39)	(218.69)	(1,025.24)
Net Income	(3,038.56)	17,061.84	29,099.98	43,153.26

Notes

Installation as a Category
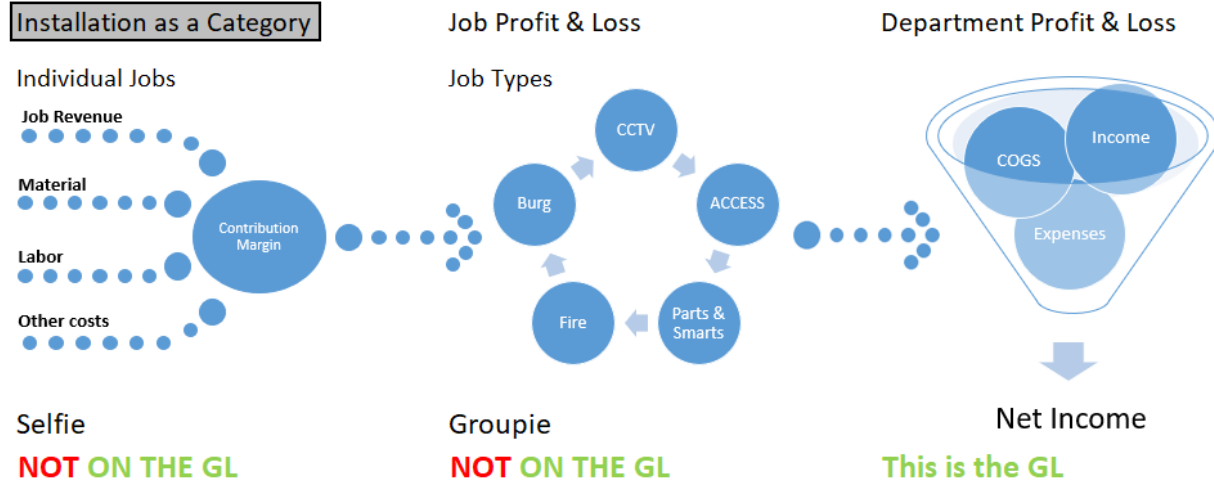
Installation as a Category will give a fifty-thousand-foot view of how the Installation Profit Center is performing. To get the individual profit and loss related to the revenue types that make up the Installation profit and loss you will need to print the Profit and Loss on closed Jobs.

Notes

This report can be found in the ⬚ Report Manager under the Main SedonaOffice Tree then under *Job Management*.

Within this report selection window, as identified below, is a Department Designation. Departments are functional areas within your company to which employees are assigned. The Department is used for informational and reporting purposes only and has nothing to do with Categories as we have defined them above.

Notes

The other fields within the selection window for this report are self-explanatory. The Job Profit and Loss report will give a listing of jobs that can be selected by Job Type. This report will give you a breakdown of Profit and Loss by individual job. Depending on how you are allowing Standard Labor rates to hit your GL, the numbers that appear on this report may or may not tie to the General Ledger.

Meaning, the report totals at the end of the report that give you totals by Sales Rep, and Revenue Type, can tie to the General Ledger. We will discuss this in more depth later in this booklet. Here is an example of the totals page on those reports.

December 28, 2017 — **Job Profit/Loss by Salesperson Summary** — Page # 3
4:30 PM
All Sold Dates,
Completed between 1/1/2017 - 12/31/2017
All Departments
All Salespeople
All Project Managers

Job Type	Install Charges	Part Charges	Labor	Commissions	Overhead	Other	Total Costs	Profit/Loss	RMR
ACC-Res	32,830.00	12,646.70	1,068.35	6,001.00	0.00	2,400.67	22,116.72	10,713.28	115.00
	32,830.00	12,646.70	1,068.35	6,001.00	0.00	2,400.67	22,116.72	10,713.28	115.00

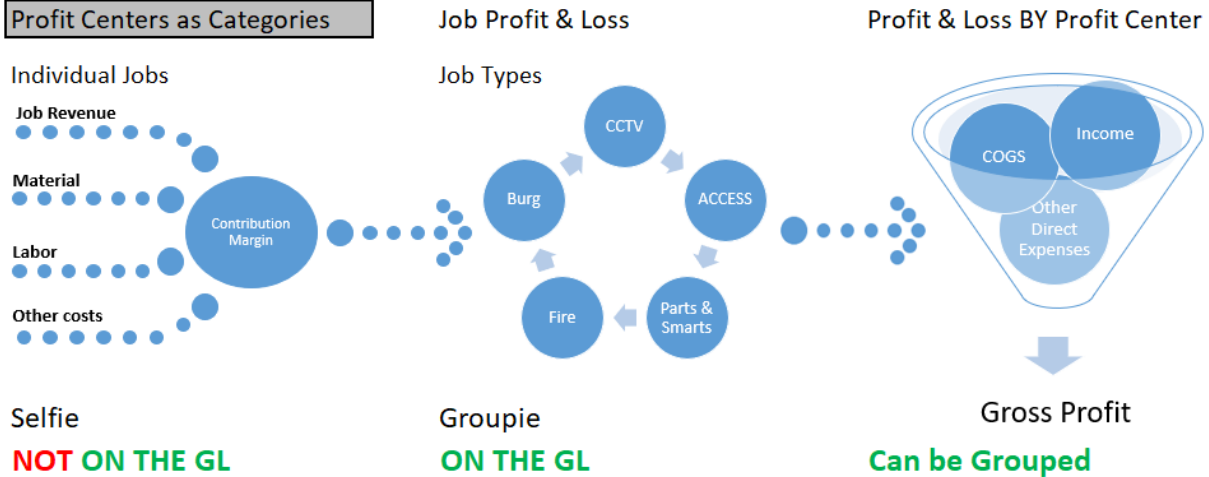December 28, 2017 — **Job Profit/Loss by Salesperson Summary** — Page # 4
4:30 PM
All Sold Dates,
Completed between 1/1/2017 - 12/31/2017
All Departments
All Salespeople
All Project Managers

Salesperson	Install Charges	Part Costs	Labor	Commissions	Overhead	Other	Total Costs	Profit/Loss	RMR
ADI Testing	5,000.00	7.65	0.00	0.00	0.00	0.00	7.65	4,992.35	0.00
Carolynn Johnson	9,000.00	0.00	260.00	0.00	0.00	0.00	260.00	8,740.00	0.00
Don Faybrick	0.00	2,375.68	0.00	0.00	0.00	0.00	2,375.68	(2,375.68)	0.00
Gayle Kytta	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	25.00
Laurie Salim	2,000.00	3,143.31	0.00	0.00	0.00	0.00	3,143.31	(1,143.31)	0.00
Matt Miller	10,730.00	2,113.40	528.35	5,821.00	0.00	170.00	8,632.75	2,097.25	40.00
Mellissa Robinson	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Oliver Blais	6,100.00	4,525.80	0.00	180.00	0.00	772.00	5,477.80	622.20	50.00
Sean Wyman	0.00	480.86	280.00	0.00	0.00	1,458.67	2,219.53	(2,219.53)	0.00
	32,830.00	12,646.70	1,068.35	6,001.00	0.00	2,400.67	22,116.72	10,713.28	115.00

Notes

Installation Profit Centers as a Category

Profit Centers as Categories — Individual Jobs — Job Revenue, Material, Labor, Other costs — Contribution Margin — **Selfie** — **NOT** ON THE GL

Job Profit & Loss — Job Types — CCTV, Burg, ACCESS, Fire, Parts & Smarts — **Groupie** — **ON THE GL**

Profit & Loss BY Profit Center — Income, COGS, Other Direct Expenses — **Gross Profit** — **Can be Grouped**

As mentioned above there are some companies that would like to see detailed categories by adding additional "profit centers" for jobs. For example, they may want to see financial statement results for CCTV installations separate from Intrusion/Burglar installations. We all know the margins on those jobs can be significantly different depending on how you are running your organization. Again, the SETUP depends on your wants and or desires.

The same holds true for Service. It could be that you would like to see results for Time and Material Service Calls separate from Service Contracts, or Inspections.

Notes

More on Profit Centers as Categories

The challenging part of having detailed Categories is how directly related expenses are allocated to those Profit Centers. Directly related Materials and Other Miscellaneous expenses will flow through the GL automatically as long as they are issued and or allocated to the Job in question. The other major piece is how technician labor is allocated.

To accommodate Labor Costs across multiple categories, the first thing that needs to be considered is what is included in those Labor costs.

Fully Burden Labor Costs

Labor Burden is the actual costs to have an employee and includes benefits, taxes and other expenses a company must, or chooses to, pay for an employee. Here is generally how it is calculated.

How to Calculate a fully Burden Labor Rate

52	Weeks in a year	
40	Hours in a work week	
2080	Available Hours	
80	Vacation	2 weeks
40	Sick	1 Week
1960	Net available hours	

Costs	Details	Rate	Yearly
Wages	Hourly	28	58,240
OT	3 per Week (Over)	42	2,184
Payroll Taxes		8.5%	5,136
Work Comp	Yearly		275
LT Disability	Yearly		180
Medical Ins.	Yearly	550 Mthly	6,600
Training Cost	Yearly		3,400
401K Match	Yearly		2,400
Annual Bonus	Yearly		1,500
Productivity	25% Admin		14,560
Auto Allow	Use of Auto		6,000
Tools	Provided		750
Total Burden Costs			101,225
	Net available hours		1,960
Fully Burden Labor Rate (Total Costs over Net)			51.65
	Burden Labor Rate (Rounded)	$	52.00

Decision time – To Burden or Not to Burden

This is where it gets interesting, particularly when it applies to what you will allow to hit your General Ledger. Let's say you decide to use the fully burdened rate of $52.00. Let's assume, for this example, that you are using WIP related to job costs and are using the completed job recognition method. Let's also assume you are using the general category of Installation.

Scenario 1 – Installation as Category

Estimated		
Income		
Install Charge	$2,500.00	
Change Orders	$0.00	Hold E
Costs		
Parts	$1,372.62	
Labor	$520.00	
Overhead	$0.00	
Permits Fees	$0.00	
Freight	$0.00	
Equipment Rental	$0.00	
Other	$0.00	
Sub Total	$1,892.62	
Sub Profit/Loss	$607.38	24%
Commissions	$0.00	
Total	$1,892.62	
Profit/Loss	$607.38	24%

Sold a Residential Job at a 24% Margin. Estimated labor to complete is 10 hours at a fully burdened rate of $52.00, or $520.00 estimated labor costs.

Notes

The next question is, will I allow that fully burdened rate to stay on the books. The only way this could happen is if you used, what has been known to be called, the one-to-many category structure.

Let's assume that answer is NO and you decide to book payroll as identified through your payroll company. Hours were submitted, and your employee was paid his hourly rate for hours he spent. His hourly rate, as per the previous example, was $ 28.00. (12 hours at $28.00 is $336.00)

As this job is worked and then gets closed, as we will see later in this example, the system (SedonaOffice) will generate a set of entries based on how that particular job type is setup.

Here's the entry that occurs, behind the scenes, when time is recorded on a Job while using WIP

| WIP - Job Labor | 624 | |
| Deferred Labor - Jobs* | | 624 |

Here's what happens when that job is closed

| COS - Jobs-Labor | 624 | | Category Installation |
| WIP - Job Labor | | 624 | |

Since the decision was not to allow Direct Labor from jobs to hit the books, here is the entry that is required to remove it.

| Deferred Labor - Jobs* | 624 | | Category Installation |
| COS - Jobs-Labor | | 624 | |

As you can see, based on the color highlighted combinations the net in all accounts is zero. This is where actual payroll is booked to reflect what was paid to the tech.

			Category Installation
Tech Wages	336		
Cash		336	

All other expenses (Taxes, benefits, and other) will be booked to their respective GL accounts and further allocated to the Installation category.

Notes

This is what the Job looks like when time has been applied while using WIP.

Here the SedonaOffice entry for labor as summarized above.

Here's what the job looks like after it has been billed. WIP releases to COS.

Notes

As you can see, when the Job is closed the WIP Labor for 12 Hours at $52.00 was released to COS – Jobs Labor under the Category of Installation.

Since I decided to remove the direct labor from the books, I would then record the actual wages paid. Next, I would apply that tech's wages to the COS section along with all other directly related expenses for that department to arrive at the Gross Profit for the Installation Department in general. That Income Statement can be seen on the next page.

Notes

Always Safe, Inc.

DEPARTMENTALIZED INCOME STATEMENT

For the period ended: December, 2017

	Install	%	Service	%	Central Station	%	Total	%
Revenues:								
Installation (& Equipment) Revenues	$ 166,706.20	100.00%	$ -		$ -		$ 166,706.20	58.40%
Service (& Equipment) Revenues	$ -		$ 22,316.50	43.17%	$ -		$ 22,316.50	7.82%
Service Agreements	$ -		$ 29,021.68	56.13%	$ -		$ 29,021.68	10.17%
Inspections	$ -		$ 327.00	0.63%	$ -		$ 327.00	0.11%
Central Station	$ -		$ -		$ 59,396.88	88.57%	$ 59,396.88	20.81%
Central Station - Safetec	$ -		$ -		$ 2,291.00	3.42%	$ 2,291.00	0.80%
Central Station - CA Sec	$ -		$ -		$ 5,376.00	8.02%	$ 5,376.00	1.88%
Shipping	$ -		$ 45.00	0.09%	$ -		$ 45.00	0.02%
	$ 166,706.20	100.00%	$ 51,700.18	100.00%	$ 67,063.88	100.00%	$ 285,470.26	100.00%
Cost of Goods Sold:								
Parts	$ 71,648.94	42.98%	$ 12,197.62	23.59%	$ -	0.00%	$ 83,846.56	29.37%
Employee Labor	$ 22,509.32	13.50%	$ 19,743.62	38.19%	$ 31,727.31	47.31%	$ 73,980.25	25.92%
UL Fees	$ -	0.00%	$ -	0.00%	$ 585.25	0.87%	$ 585.25	0.21%
Software License	$ 420.00	0.25%	$ -	0.00%	$ 500.00	0.75%	$ 920.00	0.32%
Alarm Monitoring Communications	$ -	0.00%	$ -	0.00%	$ 3,971.47	5.92%	$ 3,971.47	1.39%
Guard Response	$ -	0.00%	$ -	0.00%	$ 420.00	0.63%	$ 420.00	0.15%
Postage & Freight	$ 657.86	0.39%	$ 129.92	0.25%	$ 10.04	0.01%	$ 797.82	0.28%
Insurance - Workers Comp.	$ 1,441.38	0.86%	$ 1,441.38	2.79%	$ 185.99	0.28%	$ 3,068.75	1.07%
Insurance - Vehicle	$ 253.19	0.15%	$ 332.41	0.64%	$ -	0.00%	$ 585.60	0.21%
Employee Benefits	$ 290.08	0.17%	$ 1,737.04	3.36%	$ 2,770.48	4.13%	$ 4,797.60	1.68%
New Hire Expense	$ 35.00	0.02%	$ -	0.00%	$ 35.00	0.05%	$ 70.00	0.02%
Contributions - IRA	$ 253.70	0.15%	$ 537.05	1.04%	$ 100.00	0.15%	$ 890.75	0.31%
Uniforms	$ 97.01	0.06%	$ 123.69	0.24%	$ -	0.00%	$ 220.70	0.08%
Vehicles	$ 638.86	0.38%	$ 1,124.44	2.17%	$ -	0.00%	$ 1,763.30	0.62%
Postage / Freight	$ -	0.00%	$ -	0.00%	$ -	0.00%	$ -	0.00%
Communications	$ 125.26	0.08%	$ 301.90	0.58%	$ 164.08	0.24%	$ 591.24	0.21%
Entertainment	$ 116.04	0.07%	$ 39.50	0.08%	$ -	0.00%	$ 155.54	0.05%
License & Fees	$ 700.00	0.42%	$ -	0.00%	$ -	0.00%	$ 700.00	0.25%
Marketing	$ -	0.00%	$ -	0.00%	$ -	0.00%	$ -	0.00%
Office	$ -	0.00%	$ -	0.00%	$ 369.92	0.55%	$ 369.92	0.13%
Software & Support	$ -	0.00%	$ -	0.00%	$ 675.75	1.01%	$ 675.75	0.24%
	$ 99,932.01	59.94%	$ 37,732.27	72.98%	$ 41,515.29	61.90%	$ 179,179.57	62.77%
Gross Profit	$ 66,774.19	40.06%	$ 13,967.91	27.02%	$ 25,548.59	38.10%	$ 106,290.69	37.23%

Notes

Scenario 2 - Residential Installation as a Category

Let's say you decide to use the fully burdened rate of $52.00, again here. Let's continue to assume, for this example, that you are using WIP related to job costs and are using the completed job recognition method. Let's assume this time you are using the more specific category of Residential Installation.

For this to be possible, you will need to create a Technician Department. This will utilize the one-to-many category structure referred to earlier. Which simply means you will be creating a Technician Department where all wages, benefits, taxes, and other expenses will be allocated. From that Technician department, you will be offsetting the GL account Accrued Labor which will leave either and Unabsorbed Labor amount or an Over Absorbed Labor amount. This allows technician direct labor to stay on the GL in the various job/categories allocated through the job setup.

Estimated		
Income		
Install Charge	$2,500.00	
Change Orders	$0.00	Hold E
Costs		
Parts	$1,372.62	
Labor	$520.00	
Overhead	$0.00	
Permits Fees	$0.00	
Freight	$0.00	
Equipment Rental	$0.00	
Other	$0.00	
Sub Total	$1,892.62	
Sub Profit/Loss	$607.38	24%
Commissions	$0.00	
Total	$1,892.62	
Profit/Loss	$607.38	24%

Sold a Residential Job at a 24% Margin. Estimated labor to complete is 10 hours at a fully burdened rate of $52.00, or $520.00 estimated labor costs.

Notes

Here's the entry that occurs, behind the scenes, when time is recorded on a Job while using WIP

WIP - Job Labor	624	
Deferred Labor - Jobs*		624

Here's what happens when that job is closed

Category
Residental Install

COS - Jobs-Labor	624	
WIP - Job Labor		624

Since the decision was to LEAVE Direct Labor from jobs on the books,
there is no need to remove the Direct Labor here. We will be clearing Deferred Labor - Jobs* instead.

Deferred Labor - Jobs*	624	Category
COS - Jobs-Labor	624	Residental Install

As you can see, based on the color highlighted combinations, what is left on the books is COS and Defered.
Since the COS will remain, we will use Deferred Labor - Jobs* to offset the Techinican Department Expenses.
As in the previous example, this is where actual payroll is booked to reflect what was paid to the tech.
Note: The category the wages were applied to was Technican Deartment not Resi Install

Category
Technician Department

Tech Wages	336	
Cash		336

All other expenses (Taxes, benefits, and other) will be booked to their respective GL accounts
and further allocated to the Technician Department category.
So when Deferred Labor -Jobs* is reclassified to a contra account within the Technicain Department,
a diffference will remain. The difference is whether Standard Labor rates are too high or too low.
See an exapmple below, based on one tech for an entire year.

Notes

FULL YEAR - Technician Department Expenses			
Wages	Hourly	28	58,240
OT	3 per Week (Over)	42	2,184
Payroll Taxes		8.5%	5,136
Work Comp	Yearly		275
LT Disability	Yearly		180
Medical Ins.	Yearly	550 Mthly	6,600
Training Cost	Yearly		3,400
401K Match	Yearly		2,400
Annual Bonus	Yearly		1,500
Productivity	25% Admin		14,560
Auto Allow	Use of Auto		6,000
Tools	Provided		750
Total Department Expenses			101,225

Labor Cost Entries	Total Hours	STD Rate	
Hours Work YEAR	2116	52	(110,032)
Over Absorbed Labor			(8,807)

Labor Cost Entries	Total Hours	STD Rate	
Hours Work YEAR	2116	48	(101,568)
Over Absorbed Labor			(343)

Labor Cost Entries	Total Hours	STD Rate	
Hours Work YEAR	2116	45	(95,220)
Unabsorbed Labor			6,005

Notes

Here is what an Income Statement Summary looks like using Vivid, CPM. It is reflecting Gross Margin by major Categories.

	Installation	Service	Monitoring	Other	Total
Revenue	466,499	566,964	1,569,636	7,685	2,610,784
Costs	(508,147)	(314,208)	(329,223)	(5,619)	(1,157,197)
Gross Profit	(41,648)	252,756	1,240,413	2,066	1,453,586
Margin %	-9%	45%	79%	27%	56%

Here is a breakout to the Installation Category by Type of System Installed. This type of statement cannot be produced without the one-to-many Technician Department method. This report is also produced using Vivid CPM.

	Installation			
	Traditional	Leased	Low-Price	Total
Revenue	315,286	59,656	91,557	466,499
Costs	(258,535)	(78,746)	(170,866)	(508,147)
Gross Profit	56,751	(19,090)	(79,310)	(41,648)
Margin %	18%	-32%	-87%	-9%
RMR Added	4,115	4,945	13,668	22,728
Creation Multiple on Gross Profit	N/A	3.9	5.8	1.8

Notes

Chart of Accounts

The Chart of Accounts is the third major piece to setting up the General Ledger. The Chart of Accounts (COA) are essentially storage areas used to keep track of increases and decreases in financial position elements. An account includes a title and an account number.

SedonaOffice account numbers ideally should follow this structure:

Account Number	Description	Branch	Category
1-XXXXX	Assets	XX	
2-XXXXX	Liabilities	XX	
3-XXXXX	Equity	XX	
4-XXXXX	Income	XX	XXX
5-XXXXX	Cost of Goods Sold	XX	XXX
6-XXXXX	General and Administration	XX	XXX
7-XXXXX	Other Income	XX	XXX
8-XXXXX	Other Expenses	XX	XXX
9-XXXXX	Income Taxes	XX	XXX

SedonaOffice allows for 3 to 6-digit account numbers for the base account. The other two digits as seen above are for Branch designations, and the other three are for Categories. We strongly suggest a detailed Chart of Accounts because it allows for quicker analysis of transactions processed through those accounts at month end.

General Accounts
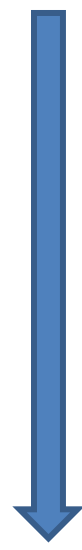
Account	Description
41000	**Installations**
42000	**Service Revenue**

Detailed Accounts

Account	Description
41005	**Installation Burg**
41010	**Installation Fire**
41020	**Installation CCTV**
41030	**Installation Access Control**
41040	**Installation Other**
42005	**Service Burg**
42010	**Service Fire**
42020	**Service CCTV**
42030	**Service Access Control**
42040	**Service Other**

Account #	Description	Category
100 XXX	Cash	Category
110 XXX	Accounts Receivable	NOT
120 XXX	Inventory & Work in Process	Required
130 XXX	Prepaid Expenses	
140 XXX	Other Current Assets	
150 XXX	Fixed Assets	
160 XXX	Purchase Accounts	
190 XXX	Intangible and Other Assets	
200 XXX	Accounts Payable	
210 XXX	Payroll Liabilities	
220 XXX	Accrued Liabilities	
230 XXX	Sales and Other Taxes	
240 XXX	Deferred Revenue and Credits	
250 XXX	Short Term Debt	
260 XXX	Other Current Liabities	
270 XXX	Due to Others	
280 XXX	Long Term Debt	
310 XXX	Capital	
320 XXX	Distributions	
330 XXX	Retained Earnings	
410 XXX	Job Revenue	Category
420 XXX	Service and Inspection Revenue	Required
430 XXX	Monitoring & Remote Services	
440 XXX	Guard and Patrol	
480 XXX	Lease Revenue	
490 XXX	Other Revenue	
510 XXX	Direct Cost of Jobs	
520 XXX	Direct Cost of Service	
530 XXX	Direct Cost of Monitoring	
540 XXX	Direct Cost of Guard and Patrol	
580 XXX	Other Costs	
600 XXX	General and Administrative Expenses	
700 XXX	Other Income	
800 XXX	Other Expenses	
900 XXX	Taxes	

Here are examples of Branches setup as physical locations and Categories setup using broad general Profit and Cost Centers.

Branch	Location	Code
MI	Michigan	10
OH	Ohio	20

Category	Description	Code
	Monitoring	100
	Service	200
	Inspections	300
	Installation	400
	Sales	500
	Corporate	600
	General & Administration	700

Here are examples of the full structure:

Account	Branch	Category	Description
110000	10		Cash - Operating
200000	10		Account Payable
395000	10		Shareholder Equity
400000	10	100	Monitoring Income
510000	10	400	Materials
675000	10	500	Salaries
710000	10	700	Interest Income
825000	10	700	Loss on the Sale of Assets

Notes

Additional SedonaOffice GL features

Accounting Periods.
SedonaOffice allows you to lock down periods so that data cannot be entered in to previous period accidently. There are four distinct status designations for any particular period.

11	11/1/2017	11/30/2017	Closed
12	12/1/2017	12/31/2017	Re-Open
* 1	1/1/2018	1/31/2018	Open
* 2	2/1/2018	2/28/2018	Future

Closing a Period
SedonaOffice will alert you if you try to close a period where all Recurring Revenue for that given period has not yet been recognized.

SedonaOffice

There is currently $5,768,135.28 unrecognized in this accounting period.
Are you sure that you want to close the accounting period now ?

Yes   No

Current Accounting Period   Fiscal Year
1/1/2018 - 1/31/2018 ▼   2017

Accounting Periods			
Period	Start Date	End Date	Status
1	1/1/2017	1/31/2017	Closed
2	2/1/2017	2/28/2017	Closed
3	3/1/2017	3/31/2017	Closed
4	4/1/2017	4/30/2017	Closed
5	5/1/2017	5/31/2017	Closed
6	6/1/2017	6/30/2017	Closed
7	7/1/2017	7/31/2017	Closed
8	8/1/2017	8/31/2017	Closed
9	9/1/2017	9/30/2017	Closed
10	10/1/2017	10/31/2017	Closed
11	11/1/2017	11/30/2017	Closed
12	12/1/2017	12/31/2017	Closed ▼
* 1	1/1/2018	1/31/2018	Future
* 2	2/1/2018	2/28/2018	Future
* 3	3/1/2018	3/31/2018	Future
* 4	4/1/2018	4/30/2018	Future

* - Denotes Next Fiscal Year   Save   Close

What questions need to be addressed in Setup?

What Categories will be used?
General: Installation, Service, Monitoring, Inspection
Specific: Residential, Commercial, Traditional Installs, Parts & Smarts

Will you use Department Categories?
Technicians, Sales & Marketing, G & A

What Job Revenue and Cost Recognition Method will you use?
Immediate Job Recognition and Over / Under Billing
Work in Process and Closed Job Recognition with Accruals
Alternatively, a hybrid of the two

What Service and Cost Recognition Method will you use?
Immediate Ticket Recognition
Closed Ticket Recognition

How about Standard Labor Costs and Rates?
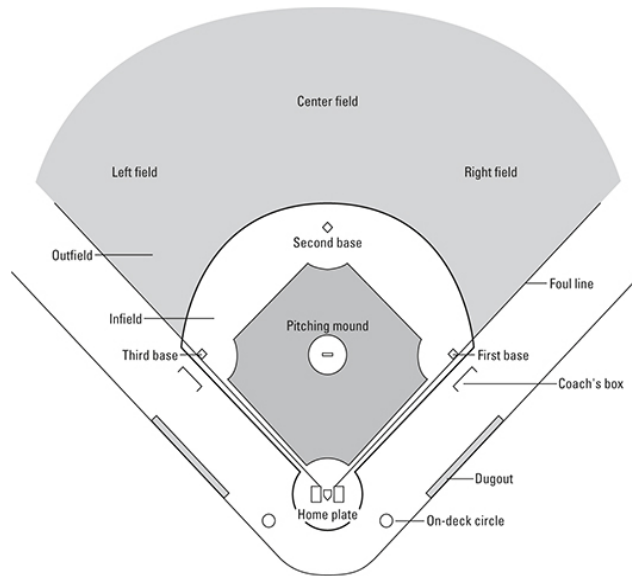Fully Burdened
Partially Burdened
Unburdened

How will you handle Standard Labor Accounting?
Leave Direct Labor from Closed jobs on the books
Clear Direct labor from closed jobs against Deferred Labor

Notes

The setup of your General Ledger matters. It is the foundation that all transactions will flow through. It is what feeds your financials. So, begin with the end in mind. Design your field of play so that the information it provides is not only reliable but pliable. Just as the game played on the field above, with clearly defined parameters and dimensions, consider your options carefully.   Having a uniquely designed and detailed Chart of Accounts with Branches and specifically thought out Categories will go a long way toward giving you the information you need to excel. Understanding your options related to revenue recognition and the proper matching of expenses related to that revenue will get you the information needed to make sound business decisions based on accurate and timely financial data. That is not to say, that if you are not perfectly designed, you would not still get what you need (see actual field below), you just need to know what type of field you are playing on.

Here's a field I would not mind playing on. Wouldn't you want your company to play on a well-designed field too?