

Calendar Year End Payroll Procedures

revised 12/2008

Pre-Closing Steps

- Verify information in your Deduction Name (DEDNAM) records. You can do this by paging through the DEDNAM records or by running Deduction Name Reports (DNAMRPT)
 - Verify the OSDI Code field for all OSDI deduction records.
 - This code should be the school district for which you are collecting the tax. The W2 abbreviation description field must include this code first plus the school district. The four digit code is required on the W2. The W2 form will truncate the abbreviation to six characters even though the field in DEDNAM allows 13 characters. Example: 2509REYOSDI.
 - If using the DNAMRPT select Group Deduction Code H
 - Check the City deduction records
 - W2 abbreviations on city DEDNAM records. The W2 form will truncate the abbreviation to six characters even though the field in DEDNAM allows twelve characters.
 - Verify Entity Code for any city that will be reported on magnetic media
 - Verify Rita City and CCA Codes on Rita and CCA city deductions, *see handouts*.
 - Verify that you have vendor numbers on each City record if you wish to run the City Tax Report and have it page break by City
 - If using the DNAMRPT select Group Deduction Code B
 - Verify Health Savings Accounts have a Type is set to “I”
 - Verify that all of your Annuity records are coded with the correct annuity type
 - If using the DNAMRPT select Group Deduction Code D
 - If you are not sure of the annuity type, contact the annuity company.
- Verify the information in your employees Deduction Screen (DEDSCN) records
 - Verify Employ/Residence Code on all city deductions
 - Verify the pension flag field on the federal tax record (001) for each employee

- Reimbursements of Employee Expenses, *see handout for options.*
- Moving expenses that were reimbursed to an employee or payment that was made directly to a third party for services are to be entered in the 001 Federal deduction record.
- The portion of an annuity identified as insurance by the annuity company must be added to the taxable gross on the 001, 002, OSDI, and City (if city honored annuity initially) deductions and subtracted from the YTD annuity amount.
- Fringe benefit amounts, *see power point.*
- Dependent Care if not using the DPCARE deduction type, *see power point.*
- Use of Company Vehicle, *see power point.*

Note: If any changes need to be made see Affects of Specific Situations on W2 Reporting

- Process any life insurance over \$50,000 as NC1 pay type per chart.
 - See “Life Insurance Amounts Over \$50,000”
- Employees on Active Military duty
 - See “Employees on Active Military Duty”
- **Run W2Proc BEFORE** the last pay of 2008 has been completed.
 - Balance with ERNREG and QRTRPT, review and correct all warning and errors.
 - See power point

Complete regular month-end closing.

- Complete last payroll for December, print any reports you need hard copied.
- Run RETIRE
 - Run SERSREG
 - First time, Create Tape? answer No and verify the report.

- If necessary, make adjustments/corrections in USPSCN/ATDSCN.
 - Once this report is correct, answer Create Tape? Yes to create tape files for December
 - Run STRSREG
 - First time, Create Tape? answer No and verify the report.
 - If necessary, make adjustments/corrections in USPSCN/ATDSCN
 - Once this report is correct, answer Create Tape? Yes to create tape files for the last pay of December
 - Use STRS_SEND to send your STRS tape file
 - Run STRSMONTH to clear STRS month-to-date totals
- Balance the payroll account, if you have received your statement (if not continue).
- Run CHKSTA or PAYREC to reconcile as many outstanding checks as possible.

Complete quarter-end processing. (Do Not Close QRTRPT)

- Run QRTRPT (option N-NO clearing).
- Balance the QTD/YTD/FTD gross, taxes, annuities, Medicare, retirement and Section 125 plans.
- Deduction totals should equal the total of all deduction checks written for the period(s) being balanced.
- Gross amounts should equal the total of all payroll clearance checks issued during the particular period(s) being balance.
- Run QRTRPT again (option N-No clearing), sort by Individual (not just totals). This is the copy that will be microfiched.
- Complete W2REPT Reconciliation Worksheet. IRS/SSA will compare the totals of your 941 reports with the total submitted on your W2 file.
- Run ODJFSRPT to generate a report only and verify report.
 - Answer **NO** to create tape. If necessary, adjustments can be made using USPSCN/ATDSCN.

- Once the report is correct, run ODJFSRPT again answer **YES** to create a tape file.
 - You can no longer keep your ODJFS open after running QRTRPT.
- Post a help desk or send e-mail to **FISCAL@LACA.ORG** once the ODJFS tape has been created.
- Complete and send the form **Employer Report of Wages** as soon as you receive it (upper part to LACA, lower part to ODJFS).

Complete W2 processing.

— Run W2PROC – *See power point.*

- You will be prompted for the grand total of all Federal Tax amounts withheld by a third party payers.
 - You must enter the grand total from all statements received from third party payers for the correct Federal Tax amount to be included on the W2 tape file.
 - *See the document titled “Third Party Sick Pay”.*
- Up to **six** additional deduction codes may be entered, the first **three** for each employee will be printed in box 14, “Other”
- Say **NO** to create tape.
- Print the W2ERR.TXT Refer to handouts/power point to fix the errors.
- Reprocess the W2PROC program. Print and verify the W2REPT.TXT.
- After all errors are corrected:
 - Run W2PROC again to create a print file for City W2’s
 - ***if you want to send W2’s to each city***, this time answer **NO** to create the tape and **NO** for dummy W2 for form alignment, and sort by Zip Code and Name

- OR -

- Run UPSP_LCL/CITYTAX Report in the local menu
 - ***if you want to send a one page report to each city***. You must have a vendor number in each city’s DEDNAM record for the report to page break by city.

- Run W2PROC again, this time answer **YES** to create the tape and **NO** for dummy W2 for form alignment, this is for the employee's copy.

These W2FORM.DAT files will be used to print the W2s.

- Print W2BREAK.TXT to show where W2's should be separated for distribution.
- Run CALENDARCD to create calendar year end reports for Payroll CD

Call LACA to:

Note: We do not recommend that you close before your last pay date in December

- Backup your files
- Fiche all data for the following reports:
EMPMST, ERNREG, CHKSTS, QRTRPT, W2REPT, Official AUDRPT
- Clear detail records through 12/31/2007
- Run QRTRPT (option Y) to zero out all data for the quarter and calendar year.
- Print W2's, transmit W2 information to SSA, and create your W2 CDs for Ohio and Cities.
- Create Calendar Year 2007 directory for Payroll files
- Create your Calendar Year 2007 payroll CD.

*** See W2 Form Distribution**

*** LACA will call you to begin processing your first January payroll.**