2012 Payroll Year-End Instructions
Handout 2

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2012 PAYROLL YEAR-END INSTRUCTIONS (DETAIL)

1) Add Pay Schedules for New Year (F14-12 in Payroll): Required

Pay schedules are used to indicate when employees are paid throughout a calendar year. These schedules may be added at any point throughout the prior year, or even during a payroll run without causing any problems with the currently processed payroll. They must be setup prior to the first payroll of the year in the schedule. The most important thing to remember when setting up the next year's pay schedules is, will the number of pays be changing. If so, AFTER the last pay of the current year is complete, each of the pay class records must be modified to reflect the new number of pays (F9-1). Then, each employee's payroll record needs to be updated to reflect the new number of pays. This can be done by using the Mass Update Employee Number of Pays (F14-17-1). If this step is forgotten, errors will occur in the Exception Process indicating 'NO PAY SCHEDULE' exists.

2) **Mass Update Leave Accruals (F4-5, F4-6, F4-7 in Personnel): Optional**

NOTE: F4-5, Mass Update Leave Data by Class &/or Job Code now has a trial mode. It is very important that you run this in trial mode BEFORE doing the actual leave updates to verify the update will be occurring as expected. Once verified, rerun the option in update mode.

Calendar year provided leave accruals may be added in mass by class, job code, years of service, individual employee, or any combination. Mass updating capabilities are located in the Personnel system using F4, the Leave & Attendance Menu. Individual updating can be done in the Payroll System using F2-6. Most importantly, remember that the system will track the actual accrual transaction and the date assigned to that transaction and that date should be the date that the employee(s) can begin seeing that leave on the attendance screens and gross data screen. Paychecks will not reflect these accruals until the date comes around. Be sure to consider when balances are to be dropped as there are times when new time is to be accrued but the balance is not yet to be dropped because the current payroll has the used time from the remainder of the year being processed. In this case, the new time would be accrued and then when the payroll is closed and setup is done, the remaining balances can then be dropped.

Run the "Print Balances and YTD Leave Report" before you begin this process (F4-1). If you assign leave and drop leave only, then the process can be handled in a single pass. If you move leave to another category and assign leave you must do a second pass. Also, if you move leave to another category and assign leave and must drop leave, you would also need to do a second pass. The key is leave that needs to be moved to another category. Assign leave first, and answer "N" to clear YTD. When doing the second pass, indicate max leave balance per category and identify which category should have excess balances added. NOTE: For fiscal sites: If your leave is assigned on a Calendar basis, then you may need to update leave accruals.

A new leave updating process is available

- Can be done during setup or as an on demand process (F4-10 in Personnel)
- Allows flexibility at which plans are processed
- Ability to add or reverse time

3) **New Year Payroll System Adjustments: Optional**

a. Inactivate/change/add pay classes (F9-1 in Payroll)

   If the number of pays changes for any classes in Payroll, you must run F14-17-1 to Mass Update Employee Number of pays in each of their payroll records.

b. Inactivate/change/add deductions (F9-5, F9-6 in Payroll)
c. Change/add pension codes (F14-21-5 and F2-2 in Payroll)

Deduction enrollments, including section 125/cafeteria, are generally done at year-end. No matter when the enrollments are done though, it should take place between payroll cycles. There are several mass updating capabilities, in both the Payroll and Personnel Systems, which are available to assist in this process (see F14 for Special Functions). In addition, the database management system in Payroll can be very helpful (F2-18). To mass update deduction start and end dates use F14-17-12 in Payroll. NOTE: All pay classes and company records that are no longer going to be used must be left on the description file. For company records, they should be marked as inactive which would discontinue their display as options for withholding during the payroll run. This is necessary because it is the class record that identifies the type of form (W-2 or 1099-R) and it is the company record that identifies annuity plan names.

4) **Reset Calendar YTD Amounts to Zero (F14-1-1 (Schools only) & F14-1 (Govt's/Counties only) in Payroll): Required**

This process is performed to reset the calendar YTD figures that print on the employee's paycheck or direct deposit statement back to zero for the start of a new calendar year. If this step is forgotten, there is another step, "Reset YTD Amts from History", which allows these figures to be re-accumulated from each employee's earnings history. This step does NOT reset the YTD amounts for benefits. This must be done through the employee benefit system (see #5 below). Remember: Fiscal and School YTD figures are reset in July or August at your normal year-end closing, depending on your fiscal and school year time frames.

This option allows for resetting All deduction YTD amounts to zero, resetting mandatory deduction YTD amounts (federal, state, county and annuities) and selected voluntary deduction YTD amounts to zero or skipping all deductions and only resetting FICA, Medicare and pension YTD amounts to zero. You must at least run this option to reset the FICA, Medicare and pension YTD amounts back to zero.

5) Reset YTD Benefits to Zero (F13-5-22 in Personnel): Optional

This process is performed to reset the employer's calendar YTD benefit figures that print on the employee's paycheck or direct deposit statement back to zero for the start of a new calendar year. If this step is forgotten, there is another step, Regenerate YTD from History, which allows these figures to be re-accumulated from each employee's benefit history.

NOTE: For FISCAL SITES: Reset benefit YTD figures if they are based on a calendar year.

6) Change deduction limits, annuity limits, benefit limits and/or start and end dates: Optional

Consideration should be made if deduction dollar amount limits or start and end dates should be changed. This can be done individually (F2-3 in Payroll) or in groups (F2-18-1 in Payroll). Consideration should also be made if annuity dollar limits require changes. This can be done individually (F2-3 in Payroll) or in groups (F2-18-20 in Payroll). And finally, consideration should be made if benefit dollar limits or start and end dates should be changed. This can be done individually (F13-1 in Personnel) or in groups (F13-19 in Personnel).

7) Change Tax tables for New Year, as needed (F14-21 in Payroll): Required

a) Update Federal Tax Table (F14-21-1)
b) Update FICA Tax Table (F14-21-2)
c) Update Medicare Tax Table (F14-21-3)
d) Update County Tax Table (F14-21-4)
e) Update Pension Withholding Table (F14-21-5)
f) Update State Tax Table (F14-21-7)
g) Update Max. Annual Garnishment Amount (F14-21-9)

The changing of tax tables should be done specifically between the pays for which the tax changes apply. MAKE A SCREEN PRINT OF THE YEAR'S TAX TABLES BEFORE CHANGING THEM IN CASE THEY NEED TO BE CHANGED BACK. Refer to the Circular E for all tax-related figures. Any questions on how to enter the changes should be addressed before calculating your first pay with the new tables. NOTE: For fiscal sites, tax tables will need to be modified when rate changes are reported from the IRS.

The Federal Tax table has not yet been released for 2013. Once the 2013 Publication 15 is released, an email of the updated table will be sent out to all Payroll departments. If you receive an updated table prior to this release, please contact RDS with the information.

8) Change Payroll Account Number for New Year (F14-17 in Payroll): Required

a) Mass Update Year in Payroll Accounts (F14-17-9)
b) Mass Update Year/Fund/Fiscal in Accounts (F14-17-10)
c) Mass Update Entire Payroll Accounts (F14-17-11)

Each of these update functions has been modified to allow for changing account information in the Time & Attendance data (this only affects unprocessed time). All payroll account numbers must, at least, have the beginning 2-digit year bumped up by one before running the exceptions for a new pay within a new accounting period. This can be done any time after the last payroll is done. Additional mass updating capabilities exist that allow for mass changing entire account numbers and mass changing a year, fund, fiscal combination.

9) Change Fund/Fiscal in Position Master (F10-17-22 in Personnel): Optional

When using the Position Master, if any fiscal indicators were changed in account numbers involved in the use of the Position Master, the Position Master must also be changed. This can be done any time after the last payroll is done.

10) Print W-2's (F5-6 in Payroll) (Also see attached W-2 Processing Instructions): Required

a) Print W-2 Worksheet (F5-F6)
b) Make history adjustments, as necessary (F2-F12-F1)

- 3rd party sick (deferred pay indicator initially defaults to an * to remind you to set it appropriately)
- Deduction code zero
- Uncollected FICA/Medicare
- Disability pay

c) Review Federal W-2 Electronic File (F5-22-5)
d) Review State W-2 Electronic File (F5-22-6)
e) Print W-2 Forms (F5-6)
f) Transfer W-2 Federal File to IRS website (created in F5-6)
g) Transfer W-2 State File to IDOR website (created in F5-6)

Production of W-2's is handled in full by the system, including a worksheet for balancing the forms, and the electronic file for submission. Worksheets can be run before the last pay of the year to "pre-check" any known "special considerations" before it becomes year-end. There is a balancing option available for W2's. This balancing process allows for generating a worksheet for a certain date range instead of the whole year. This can be helpful in narrowing down certain discrepancies. In addition, the system will now generate a Discrepancies & Concerns report that will identify any discrepancies between box, 1, 16 & 18 (federal, state & county gross wages) as well as identifying any employees with taxable employer paid pension, excess collected amount and 3rd party sick pay. As you know, W-2 worksheets and forms may optionally be generated for a single employee. This can assist in employee reprints.

Be aware though, that the individual generation option or when using the balancing option do NOT affect the electronic file. This means that if an individual W-2 is regenerated (with different amounts than before) or the balancing option is run, the W-2 process must eventually be rerun again for all employees (without printing the actual forms) so that the electronic file gets recreated with the new figures. Otherwise, your electronic file that goes to the government won't match what you actually distributed! Once the files have been created for submission, the iSeries files must be transferred to your PC for submission in the proper format. The final screen displayed during W2 generation will identify the names and libraries of both the State and Federal electronic files for submission.

* * ACOM Form Users * *

Those users who create their own year-end forms (which are Evansville, Elkhart County and Hamilton Schools in Wisconsin) should visit www.irs.gov for current samples. There are changes to the Queue & Printer Assignment security screen in System Security (F24-2) for any user(s) that will be running W-2's. After keying in the user's ID, press ENTER then F7. The field called 'ACOM Def" for W2's must be changed based upon the site chart below:

Site Name	W2 ACOM Def (F24-2-7)	Form Type (F5-6)
City of Gary	W2LONG12	G
South Bend	W2LONG12 (employee copy)	G
South Bend	W2FORM12 (file copy)	A
Carmel Clay	W2FORM12	A
Concord	W2FORM12	A
Special Ed Co-Op	W2FORM12	A
City of Hammond	W2FORM12	A
Lake Central	W2FORM12	A
Noblesville	W2FORM12	A
East Allen	W2FORM12	A
Crown Point	W2FORM12	A
Vigo County	W2FORM12	A
Merrillville	W2FORM12	A
La Porte	W2FORM12	A
Highland	W2FORM12	A
Town of Highland	W2FORM12	A
Hmd Port Authority	W2FORM12	A
Southwest Allen	W2FORM12	A
Kankakee Valley	W2FORM12	A
Whiting	W2FORM12	A
West Lafayette	W2FORM12	A
Tri-Creek	W2FORM12	A
Michigan City	W2FORM12	A
East Chicago	W2FORM12	A
Valparaiso	W2FORM12	A

NOTE: For the State of Indiana Only: Following is the State contact person for the IRS.

All of the State of Indiana: Raelane Hoff 812-231-6502 Raelane.K.Hoff@irs.gov

11) Print 1099-R's (F5-7 in Payroll): Optional

a) Print 1099-R Worksheet (F5-F7)
b) Make History Adjustments, as necessary (F2-F12-F1) and rerun the worksheet. Once verified that the worksheet is accurate, proceed with the next step.
c) Review Federal 1099-R Electronic File (F5-22-7)
d) Print 1099-R Forms (F5-7)
e) Transfer 1099-R file to IRS website (created in F5-7) Library: PAYSSAP File: IRS001

Like W-2's, production of 1099-R's are handled in full by the system, including a worksheet for balancing, the forms, and the electronic file for submission. Worksheets can be run before the last pay of the year to "pre-check" any known "special considerations" **before it becomes year-end. As you know, 1099-R worksheets and forms may optionally be generated for a single employee. This can assist in reprints when an employee calls in.**

Be aware though, that the individual generation option does NOT affect the electronic file. This means that if the individual 1099-R is regenerated (with different amounts than before), the 1099-R process must eventually be rerun again for all employees (without printing the actual forms) so that the electronic file gets created with the new figures. Otherwise, your electronic file that goes to the government won't match what you actually distributed!

Once the file has been created for submission, the file must be transferred to your PC or laptop for submission in the proper format. The final screen displayed during 1099-R generation will identify the name and library of electronic files for submission. There is no form definition name required in security for the 1099-R's. The following sites are ACOM sites.

Site Name	Form Type (F5-7)
Carmel Clay	A
City of Hammond	A
Lake Central	A
Crown Point	A
Town of Highland	A
Hammond Academy	A
City of Gary	G

12) Print Quarterly Form 941 (F5-17 in Payroll): Required

Complete generation of the Federal Form 941 is handled by the system. This report can be generated for submission once the last payroll of the year is complete (including all additional manuals and voids). This is for all sites including FISCAL SITES. The date to use for the employee count should be a valid check date. If an employee is not paid on the date specified, he/she will not be included in the count total. If a 457 Plan is setup as a type "P" (plan) in the deduction description file (F9-5), it should be specified on the screen. Any 457 Plans setup as a type "A" (annuity) should not be specified on the screen. You can optionally create an Excel file to assist in balancing your 941 to your earnings history (F2-12-13 in Payroll). If you choose to create the Excel file, a screen will be displayed telling you the file name and library it resides in.

13) Print Annual Form 945 (F5-18) (Mainly for government sites – pensioner pay): Required

This step is only required for those sites that handle pensioner pay. Complete generation of the Federal Form 945 is handled by the system. This report can be generated for submission once the last payroll of the year is complete (including all additional manuals and voids). This is for all sites including FISCAL SITES. This process has been modified to include backup withholding.

14) Print State Form WH-3 (F5-9 in Payroll for Indiana Schools) (F5-10 for Governments): Required

Complete generation of the state form WH-3 is handled by the system. This report can be generated for submission once the W-2 process is complete. The reason for this is that the number of W-2's is required for printing the report. This is for all Indiana sites including FISCAL SITES.

15) Print State Form WH-1 (F5-24 in Payroll) (State of Indiana ONLY): Required

Complete generation of the state form WH-1 is handled by the system. This report is submitted at the end of each month along with the State and County tax withholding payments.

16) Print Earnings History & Cross Reference by Name/# (F2-12-3 in Payroll): Optional

The printing of earnings history is recommended only if you plan on removing any records from the history file, although deletion of data should be a rare situation. But, if you DO choose to remove history, this report generates a detail list of all checks and direct deposits for each employee along with all gross and withholding information. This report is generated in employee number sequence so it is recommended that you also print the cross reference list. Refer to 'Should a name/number cross-reference be printed?' on the lower portion of the screen. Storing of this report is based on your individual site (microfiche, CD-Rom, paper, etc). This is also recommended for FISCAL SITES.

Additional Information:

Taxing rules/regulations, tables and rates are referenced from the Social Security Administration website: www.socialsecurity.gov; IRS website: www.irs.gov; and the Indiana Department of

Revenue website: www.state.in.us.

Mini-Payroll Runs

* VERY IMPORTANT * - When doing a "Mini-Payroll" between two payroll runs, the field: "Charge Manuals and Voids using the same date as the current pay?" MUST be set to a "Y" on the System Options Control Screen (F14-21-12).

a. Make sure that the entire check run has been completed (monitor should be all Y's without manually setting (with the exception of the 2nd step from the bottom of the screen: "***) Payroll in Progress for MANUALS/PREVVOID run ONLY" which can be an 'N'))! To check the monitor, press F12 from the Payroll Master Menu.

b. Go into the appropriate pay schedule (F14-12) and change the current pay period to the previous one. Then go back into the pay schedule and modify the last pay date (if necessary) to be the date of the check to be processed as manuals. If you are doing this process because an accounting year has ended & a new year has begun, you would probably not need to modify the last check date, but that is still an option, if desired. Also, if the pay schedule you are modifying is marked complete ('Complete: Y'), you will need to change the indicator to an 'N'.

c. Do your 'normal' SETUP (F1-1) for this mini-run as the system will know, once you respond to the following question (listed on one of the setup screens), that not ALL classes listed on the screen are going to be paid. When the screen comes up that asks if this is a mini-run, respond with a "Y" and continue as you normally would until SETUP is complete.

d. If an employee's pay amount needs to be changed, go into their gross data screen (F2-F4) and make any necessary changes. Be sure to press ENTER twice to validate the screen.

e. Enter manuals and previous pay voids. F2-14 or F3-F7-F9 can be used to enter manual(s) and F3-F7-F11 should be used to enter previous pay voids. * VERY IMPORTANT * - If you do NOT want any manual direct deposits (if you're going to issue checks to all employees on this run), remove the direct deposit bank, if one is defaulted in the 'DDBk' field, from the manual check screen.

f. Run registers and distribution reports. (F3-F8, F9 and F10)

g. Update earnings history. (F3-F13)

h. Update budget files with payroll. (F3-F14)

i. If your site normally transmits direct deposits to the bank (F14-15) but you did not have to do that step during this mini-payroll (because you had no direct deposits), before setup (F1-1) can be done, you must go into your payroll monitor (F12) and change the last field "Opt) Direct Deposit Transmission File Creation" to a 'Y'. No other field should be changed! If you did run F14-23 during this mini-payroll run, no modifications to the monitor should be made.

NOTE: Be sure to change back your F14-21-12 screen if you changed it prior to beginning this "mini-run" (Charge Manuals & Voids using the same date as the current pay?).