



CAREFULLY READ THESE INSTRUCTIONS IN THEIR ENTIRETY BEFORE BEGINNING PROCEDURES

Year-end procedures should be completed **after the last payroll** of the calendar year has been balanced and processed and **before** the first payroll processing of the new calendar year.

Closing the year in Payroll involves printing reports to retain hard copies of employee data for the present year, an archive-save, the preparation and printing of W2 forms, and end-of-year reset. Suggested procedures are outlined below. More detailed instructions for each menu selection are included in the PayX Character-Based reference manual. **The W2 FORM PRINT must be run BEFORE the ANNUAL FILE RESET is done.**

IF YOU ANTICIPATE A DELAY IN PRINTING W2s AND RUNNING THE ANNUAL FILE RESET BEFORE THE FIRST PAYROLL OF THE NEW YEAR, CALL CMI FOR INSTRUCTIONS. YOU WILL NEED A SPECIAL BACKUP FOR LATER USE.

NOTE: If you have CMI's Finance application (LOGON = FINX) and need to update a new year payroll **before** you complete the Finance end of year, use Voucher Interface with a January batch date and with an <01> fiscal month if you are on a calendar year for financial reporting. If you are not on a calendar year, the January date will reflect the appropriate fiscal month.

PRELIMINARY PROCEDURES

RUN EXCEPTION REPORTS: Run the W2 EXCEPTION REPORT (Menu 4-35-21) to check for W2 errors. These errors will also show up on the W2 BACKUP REPORT (Menu 4-32-1) that you will run in STEP 3. If the report shows no exceptions, continue through the rest of these instructions. If there are exceptions, run W2 EXCEPTION BY EMP BY PAY (Menu 4-35-22). This will show the pay(s) that caused the error(s) indicated on the W2 EXCEPTION REPORT (Menu 4-35-21). Use this report as a guide to what needs to be corrected in any employee record. If necessary, call CMI for assistance.



NOTE: *This report can be printed at any time throughout the year to help you find potential problems.*

REVIEW EMPLOYEE RECORDS: Verify that each employee's master file is set up correctly. Make sure the name, address and social security numbers are correct. Names should be entered in the format **<LAST SUFFIX, FIRST MI>**, i.e. John Q. Smith, Jr. should be entered as **<SMITH JR, JOHN Q.>**.



QUICK TIP: *Create a USER DEFINED REPORT (Menu UR) from the Employee file that prints all pertinent data such as the SSAN and mailing address for all employees rather than reviewing the employee maintenance file for each individual.*

RETAINING RECORDS: To *RETAIN* a terminated employee's records on the system after the YEAR END OVERLAP RESET, enter **<Y>** for yes in the **Retain** field in EMPLOYEE MAINTENANCE (Menu 1-1). Otherwise, terminated employee records will be deleted for the new year with YEAR END OVERLAP RESET after the data has been archived in the history file and the W2 data preserved for one year. It is not necessary to retain a terminated employee's record unless you anticipate he or she being rehired in the coming year. **DO NOT DELETE EMPLOYEE FILES!!**



NOTE: *Be sure to remove the "Y" from the **Retain** field if you entered it in previous years and now only want the employee's record available in the history file. Remember, an inactive employee can be reinstated if necessary.*

PRELIMINARY PROCEDURES (continued)

REVIEW DEDUCTION CODES: Verify the accuracy of deduction code setup.

FICA: Check the setup of your FICA code in DEDUCTION MAINTENANCE, Menu 5-1, to ensure that **Maximum Amount** and **Maximum Gross** are correct. The program will test against these fields before printing W2s for employees who must report FICA withholdings.

DEFERRED COMPENSATION: If you have employees with deferred compensation that qualifies as a 401(k) or 403(b) plan, verify that the deduction code(s) for deferred compensation (as established in DEDUCTION MAINTENANCE, Menu 5-1) contain a 'D' in the **W2** field and contain the appropriate IRS letter code in the **Plan** field for the correct processing of W2s. If you do not know the plan code, contact your plan administrator.

PENSION PLANS: If you have employees with eligible pension plans (i.e., PERS, Police Pension, etc.), verify that the deduction code(s) (as established in DEDUCTION MAINTENANCE, Menu 5-1) contain either a 'P' or 'PD' in the **W2** field and contain the appropriate IRS letter code in the **Plan** field, if applicable. If you do not know the plan code, contact your plan administrator.

SCHOOL TAX: Review the setup of any school tax deductions in DEDUCTION MAINTENANCE (Menu 5-1) and TAX TABLE MAINTENANCE (Menu 5-2). (You should have two deduction codes, one with an asterisk (*) and one without an asterisk (*)). Enter the school district number in the format **<SD1111>** in the **Description** field of DEDUCTION MAINTENANCE and TAX TABLE MAINTENANCE. For instance, 'SD1111' would represent school district 1111.

125 PLANS: Review the setup of any flexible spending plans in DEDUCTION MAINTENANCE (Menu 5-1). Be sure the codes 'M' for Medical or 'C' for Child care are displayed in the **Plan** field.



STEP 1 – Run Reports

Please refer to the Payroll/Personnel documentation or the documentation CD for descriptions and instructions for each report listed below. These reports should be run with no date restrictions so that all year-to-date information is included.

A MANDATORY REPORTS

DEDUCTION CARRYOVER REPORT Menu 4-3

MULTI-CITY TAX REPORT *(if applicable)* Menu 4-4

QUARTERLY PAYROLL RETURN Menu 4-11
Print the 4th quarter and any other quarter you want for the current year.

PAYROLL ACCRUAL REPORT *(if applicable, used for GASB Reporting)* Menu 4-1

B OPTIONAL REPORTS

QUARTERLY PENSION ACCRUE REPORT Menu 4-14

FRINGE BENEFITS REPORT Menu 4-15

PERIODIC REPORTS Menus 4-21 through 4-24

PAY CATEGORY REPORTS *(if applicable)* Menu 4-33

COMPLETE CHECK REPORT *(restricted to current year)* Menu 5-21-5

USER DEFINED REPORTS *(if applicable)* Menu UR

STEP 2 – Archive

Perform a FILE-SAVE on a tape that will not be reused. This tape should be archived as a **permanent record** for this year and labeled accordingly.



NOTE: *Clients using third-party backup software should consult the documentation for that application for questions pertaining to any functions not related to CMI applications.*



STEP 3 – W2s

Do not proceed unless you have installed the current version update (*if applicable*). Go to CMI's Web site to download the most current software update or enter a software request if you have any questions. Use ANNUAL/W2 PROCESSING (Menu 4-35) to produce your W2s; each menu selection is explained below in the order in which it should be completed. Please note that some menu items may not be applicable to your installation.



W2 EXCEPTION REPORT – Menu 4-35-21 (If applicable)

Use this menu to print a list of employees with W2 errors, which are also reflected on the W2 BACKUP REPORT (Menu 4-35-1). If the report prints no exceptions, you do not have to use Menu 4-35-22, explained below.



NOTE: *This report can be printed at any time throughout the year to help you find potential problems.*



W2 EXCEPTION BY EMP BY PAY – Menu 4-35-22 (If applicable)

Use this menu to view or make a hardcopy of the pay(s) that caused the error(s) indicated on W2 BACKUP REPORT (Menu 4-35-1) and/or W2 EXCEPTION REPORT (Menu 4-35-21). Use any detailed exception listing to correct employee records as appropriate. If necessary, call or email CMI for help with this step.



NOTE: *This report can be printed at any time throughout the year to help you find potential problems.*



W2 ADD-ON MAINTENANCE – Menu 4-35-2 (if applicable)

Certain non-cash fringe benefits and other items must now be added to the federal and state taxable wages on the W2. Please refer to the “**Instructions for Form W2**” from the IRS for specific information. This menu selection allows you to add the necessary amounts to the W2 of any employee affected by these requirements.



NOTE: *If your fringe benefits should affect an employee’s Medicare gross, contact CMI for special instructions.*



W2 ADD-ON REPORT – Menu 4-35-3 (if applicable)

This report is a proof listing of entries made in W2 ADD-ON MAINTENANCE (Menu 4-35-2) and can be used to provide documentation of changes made to employee data.

The report may be restricted by department and/or employee. There is an option to print one employee's data per page to allow you to distribute reports of fringe benefits added to affected employees.



W2 BACKUP REPORT – Menu 4-35-1 (All Users)

This report is a backup listing of the W2 information as entered through regular payroll processing and through any add-on maintenance you entered in W2 ADD-ON MAINTENANCE (Menu 4-35-2).

All deferred compensation is listed for each employee who is properly set up for this type of deduction; verify the total at the end of the report. Also listed are Earned Income Credits, city taxes, school taxes and add-on amounts. Use this report for State and City total tax amounts and gross wages.



NOTE: *W2 errors indicated on the W2 BACKUP REPORT are also on the W2 EXCEPTION REPORT. See PRELIMINARY PROCEDURES near the beginning of this document for information pertaining to the W2 EXCEPTION REPORT.*




W2 FORM PRINT – Menu 4-35-4 (All Users)

 **NOTE:** *If you purchased the MAG-FILER® software, please refer to the documentation for that application. MAG-FILER® allows you to print your W2s on a laser printer.*

Use this menu selection to print W2 forms. Refer to the Payroll documentation for Annual / W2 PROCESSING (Menu 4-35) or the documentation CD for a step-by-step description of menu prompts and screens. You will be prompted for a range of employees and for the inclusion or exclusion of Medicare-eligible employees' W2s. Then a screen will display to allow you to choose the sort order for the W2 print.

Before printing the actual W2 forms, it is recommended that you print your W2s on paper as a trial run and as an additional proofing step before printing the actual forms. Another suggestion is that you always start your W2 print at the top of a page; in other words, if your first alignment on W2s is correct, continue running alignments until you are again at the top of a page before you print your actual W2s.

Procedurally, you may want to divide your employees for W2 printing: one set for those employees who are Medicare-eligible only and one set for all other employees. By printing two sets of W2s, you can obtain data to use in reporting employees on separate W-3s depending on whether or not they are Medicare-eligible.

 **NOTE:** *If you file W2 data to the IRS using magnetic media, you can combine all employees into one W2 print run.*

To obtain W2s for those who are Medicare-eligible only, enter W2 FORM PRINT (Menu 4-35-4) and enter <Y> for “yes” at the prompt for a new list. At the prompts to **Enter Starting Medicare** and **Enter Ending Medicare**, enter <Y> for “yes” at each. To comply with IRS requirements, print your W2s alphabetically by employee name.

To obtain W2s for all other employees, enter W2 FORM PRINT (Menu 4-35-4) again and enter <Y> for “yes” at the prompt for a new list. At the prompts to **Enter Starting Medicare** and **Enter Ending Medicare**, enter <N> for “no” at each. To comply with IRS requirements, print your W2s alphabetically by employee name.

You will also be prompted to choose the W2 form you're going to use as follows:

<p>W2 Form Selection</p> <p>1 - Regular W2 (Red on Right)</p> <p>Enter Selection</p>

Enter <1> for **Regular W2**.

If applicable, a second W2 will print after the first set of W2s when there are more than two local taxes to report or when entries in Boxes 12 and/or 14 exceed the number of spaces available on the W2. The following prompt will display:

Now ready to print additional city W2 forms

Hit return to continue at current alignment

When you press <ENTER>, the second W2s will print.

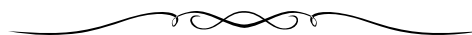
TO RESTART YOUR W2s: If you need to restart your W2s, enter W2 FORM PRINT (Menu 4-35-4) again. At the prompt for a new list, enter <N> for no. You will be prompted: **Is this a restart (Y/N)**; enter <Y> for yes. You will next be prompted: **Enter last employee that printed correctly**. Enter the complete four-digit employee number of that employee.

PRINTING ADDITIONAL W2s: If you want to print a set of W2s for a specific City or School District after you have printed W2s for your employees, enter <Y> for yes at the prompt: **Print a single city or school tax (Y/N)**. You will then be prompted: **Enter city to print**; enter the deduction code for the specific city or school tax for the additional set of W2s.

Make a special File-Save in case you need to reprint W2s at a later date.



NOTE: *Be sure to make this File-Save before processing your first payroll for the new year. If you need to process a new year payroll before printing your W2s, call CMI for assistance before entering the first new year payroll.*



W2 Magnetic Media – Menu 4-35-5

Use this menu to download the W2 information file for electronic report submission to the Social Security Administration (SSA), to the state, or to a specified city. You cannot run this routine until W2 FORM PRINT (Menu 4-35-4) is run. If the need arises, this routine can be run after STEP 4 - ANNUAL FILE RESET.



NOTE: If you purchased the MAG-FILER® software to print laser W2s, use this menu selection to download W2 data to the software. Use the instructions for MAG-FILER® to print W2s.

Upon entry into this menu, a screen similar to the following will display, (use <M> for more to display additional options):

```

CURRENT DOWNLOAD MODE:  MAGFILER
DOWNLOAD OPTIONS:
1 - WINTEGRATE.W2MMREF  Wintegrate MMREF
2 - ACCUTERM.W2MMREF  Accuterm MMREF
3 - MAGFILER  Download to Magfiler
4 - CMI  Diskette for Sanderson CMI
5 - WINTEGRATE.OHIO  Wintegrate Ohio
6 - ACCUTERM.OHIO  Accuterm Ohio
7 - WINTEGRATE.MI  Michigan Wintegrate or Accuterm
8 - WINTEGRATE.KY  Wintegrate Kentucky
9 - W2DISK.IN  Indiana Wintegrate or Accuterm
10 - W2DISK.DAYTON  City of Dayton
11 - WINTEGRATE.CCA  Wintegrate CCA
12 - ACCUTERM.CCA  Accuterm CCA

Enter Line #, More, or <cr>

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Sample Options for Demonstration Only!

FEDERAL REPORTING: Select option <1> or <2> (depending on your communications software: WINTEGRATE or ACCUTERM) for magnetic media reporting to the SSA.

MAGFILER: Select option <3> to interface W2 data or option <16> to interface 1099R data to MAG-FILER®.

STATE REPORTING: Select the option for the state you are reporting to and your communication software (WINTEGRATE or ACCUTERM) as appropriate.

CITY REPORTING: Select the option for the city you are reporting, if appropriate. Because many cities receive printed forms and do not use magnetic media reporting, contact CMI if you are requested to submit W2s on magnetic media and the city is not listed in the options list.

After making your selection, you will be prompted to insert a formatted diskette and to enter the W2 reporting year. In all but city W2 downloads, an additional screen will display requesting contact information with fields for: **Contact name**, **Contact phone**, **Email Address**, **FAX** number and a **Notify by** field to indicate how the SSA or State should contact you with questions or comments. There is also a field for your SSA-assigned **PIN** (Personal ID Number).

ONLINE REPORTING: If you submit your W2 information to the SSA online using OWRBBS (Online Wage Reporting System Bulletin Board Service), download W2 information to your hard drive or to a diskette, then use this file for your electronic submission using the instructions from OWRBBS.



NOTE: *Please review the "Magnetic Media Reporting and Electronic Filing" (MMREF-1) booklet you should have received from the Social Security Administration (SSA) or call the SSA for details on diskette or online reporting.*

A file monitor will display. When the file transfer is complete, you will be returned to the menu. A report of downloaded W2 data will spool automatically to your printer for review purposes.



STEP 4 – ANNUAL FILE RESET – Menu 4-35-11 (After completing all previous steps)

REMEMBER THAT THE ANNUAL FILE RESET MUST BE RUN ONLY AFTER PRINTING W2s.

IF YOU ANTICIPATE A PROBLEM IN PRINTING W2s AND RUNNING THE ANNUAL FILE RESET BEFORE THE FIRST PAYROLL OF THE NEW YEAR, CALL CMI FOR INSTRUCTIONS.

Depending on how your overlap flag is set, this menu **DOES NOT** reset the files you need to process your pension and OBES reports for the last reporting period of the year. After processing your final pension and OBES report for this year, you will also need to run the YEAR END OVERLAP RESET as described in Step 5.

After you have completed steps 1 through 3 above, select this menu to process the ANNUAL FILE RESET. After completing this menu, check the year-to-date option in EMPLOYEE INQUIRY, Menu 1-2, for a few employees to verify that all files have cleared correctly. The QTD/YTD option for these employees should show zero dollars(0). If they do not, process the ANNUAL FILE RESET again. Check an employee's QTD/YTD option which should show zero dollars(0). If it does not, then please call CMI.



STEP 5 – YEAR END OVERLAP RESET – Menu 4-35-12 (Run in the new year)

Do NOT use this selection until you have run reports for the fourth quarter of the old year. This selection removes the prior year files that were not cleared in the ANNUAL FILE RESET (i.e., PERS, Police Pension, OBES). After processing these reports for the fourth quarter of the current year, you must use this selection to clear the files. It must be run before June 1st.



NOTE: This selection also removes terminated employees who were not retained from EMPLOYEE MAINTENANCE, Menu 1-1, and moves their records to prior year history.



Helpful Websites

Department of the Treasury:	www.irs.ustreas.gov
Department of the Treasury, Forms and Publications:	www.irs.ustreas.gov/formspubs/
American Payroll Association:	www.americanpayroll.org
Social Security Administration, Employer Reporting Instructions:	www.ssa.gov/employer1.htm
State of Ohio Dept. of Taxation:	tax.ohio.gov
Creative Microsystems, Inc. (CMI)	www.civiacmi.com
To learn more about MAG-FILER®:	www.spokanecomputer.com



PAYROLL EOY CHECKLIST

Preliminary:

- Run the W2 Exception Reports.
- Order forms and envelopes.
- Load the current CMI software update. *(if applicable)*
- If you do not already have the number of your Pension plans, call PERS and/or Police and Fire Pensions agencies and obtain it in writing.
- Prepare for any new W2 requirements:
 - Obtain and read a copy of IRS Circular E and/or "Instructions for Form W2."
 - List fringe benefits earned by your employees. Remember to begin entering fringes in W2 ADD-ON MAINTENANCE (Menu 4-35-2) after the CMI program update has been loaded (if applicable). *
- If you must report W2s on magnetic media, contact CMI if you are unsure of the procedures.*
- Verify codes as entered on the computer for FICA, Deferred Compensation, School Tax, 125 Plans and Pension Plans. *

END OF YEAR PROCEDURES

- Step 1: Run Reports. *
- Step 2: Archive Save. *
- Step 3: Process W2s. *
- Step 4: Annual File Reset. *
- Step 5: Year End Overlap Reset. *
(Mark your calendar today to do this procedure after you have run your 4th quarter reports.)

* See the preceding pages of this handout for detailed instructions.