Payroll Year End Procedures

***At this point, your live directory is ready for processing the new year payroll.

1. Create Prior-Year Directory:

    - Complete the last payroll of the calendar year.
    - From the Payroll Process Menu, choose **PR Backup/Restore**
    - System displays warning message: ALL USERS MUST BE OUT OF FILES PRIOR TO CONTINUING. Verify that all users are logged out of KVS Standard Financials and Payroll. Click OK.
    - Choose the Option for **Year End** under the Backup Listing
        - The CURRENT WORKING DIRECTORY field displays the network path to the live files. Verify this is your live payroll directory.
        - Verify the BACKUP DIRECTORY YEAR displays the year which the backup directory is being created for.
        - The BACKUP DIRECTORY with PR2011_<the folder name that is being backed up> as the folder (i.e. PR2011_mas).
        - Please note the network path for the PRIOR YEAR BACKUP DIRECTORY; this will be needed for a later step; click OK.
        - Once complete, the system will display a text document listing all files and the copy status of each.
            - Please verify the list to see if NOT COPIED appears under copy status. If any appear, please verify YEAR END was used. If so, please call KVS Year End Payroll Support for assistance. If all are copied, close out of the text document.
        - The system displays two messages – the first message displays the number of files successfully copied and not copied file.
        - Close out of all KVS Standard applications.

2. Creating a Prior Year KVS Shortcut:

    KVS clients use two methods of deploying KVS applications - either Windows shortcut from a mapped drive, or Remote Desktop shortcut from terminal services. Use one of the following instructions to create the prior year shortcut.

    - Creating a KVS Windows Desktop Shortcut
        - Right-click on the existing KVS shortcut and select COPY.
        - Right-click anywhere on the desktop and select PASTE. This creates a copy of the original KVS shortcut on the desktop.
        - Right-click the newly created shortcut and select RENAME. Type in the new name for the shortcut – for example, PAYROLL 2011.
        - Right-click the newly created shortcut and select PROPERTIES.

- On the shortcut tab, change the START IN directory path to reflect the new directory as described previously in the PRIOR YEAR BACKUP DIRECTORY field (for example, K:\KVS\PR2011_MAS).
- Click APPLY and then OK to close the shortcut properties screen.

▪ Double-click the new shortcut and verify icon is working properly. Log in as normal.

□ Creating a Remote Desktop Terminal Services Shortcut

▪ Right-click the existing KVS shortcut and select EDIT.

▪ Select the Programs tab. Change the START IN THE FOLLOWING FOLDER field to reflect the new directory path as described previously in the PRIOR YEAR BACKUP DIRECTORY FIELD (for example, K:\KVS\PR2011_MAS).

▪ Select the General tab and click on SAVE AS. Change the FILE NAME to reflect the new name for the shortcut – for example, PAYROLL 2011.

▪ Verify the shortcut is being saved to the desktop and click SAVE.

▪ Select CANCEL to exit out of Remote Desktop Connection Setup screen.

▪ Double-click the new shortcut and verify icon is working properly. Log in as normal.

3. In the Live Directory (prior to first payroll of January):

□ Complete month-end and quarter-end procedures.

□ Under the Clears/Purge tab, process MTD EARNINGS CLEARS, QTD EARNINGS CLEARS and YTD EARNINGS CLEARS.

□ Under the Clears/Purge tab, process VOLUNTARY DEDUCTION CLEARS; under Options, select ZERO YTD AND QTD AND MTD.

Note: The "Update YTD Maximum Amount" field is only available when selecting Zero YTD and QTD and MTD. Select this option if you have deduction maximums that need updating for a new calendar year. Once this option is selected, the deduction selection screen will be activated. Double click on the deduction description to select or unselect the code for processing.
If selected: Subtracts the amount of the YTD deduction from the maximum amount. For example, a garnishment that has a maximum amount to be withheld from the employee that could cross over 2 or more years.
If not selected: Clears the YTD field and leaves the maximum amount.

□ Run Earnings Register (summary totals only) to verify QTD & YTD fields have been cleared.

□ If applicable, process these additional clears:

▪ BENEFIT TRANSFERS and BENEFIT CLEARS (see Section 4 for detailed instructions if benefits are tracked based on a calendar year)

▪ YTD FISCAL GROSS CLEAR and LABOR DISTRIBUTION PURGE (if this is also the end of the fiscal year)

- CONTRACT GROSS CLEAR (if end of contract term)
- YTD RETIREMENT CLEAR (if this is the end of your retirement year. NY clients should process this at end of March as the retirement year begins on April 1)

- From the F/M tab, select EMPLOYEE PAID PERIOD MODIFY. This zeros the YTD paid period field on the employee's Header screen.
- Update Federal, State and Local Tax Tables.
- Do not run History File Purge.

4. In Live Directory, process Benefit Transfers and Benefit Clears (for clients who base benefits on the calendar year)
   - BENEFIT TRANSFERS: this option is used to transfer remaining hours from one benefit code to another, such as remaining personal time being converted to sick time.
     - From the Reports tab, run a BENEFIT REPORT. Under BENEFIT SELECTION move all necessary codes over to the right column under "Benefit Codes To Include"
     - Backup payroll files
     - From the Clears/Purge tab, select BENEFIT TRANSFER
     - HAVE YOU BACKED UP FILES PRBENAMA and PRAUDMA? Y
     - BENEFIT TO CLEAR: enter the benefit code to be zeroed out
     - BENEFIT TO UPDATE: enter the benefit code to be updated with remaining amount from the benefit being cleared.
     - REPORT DESTINATION: Send to Queue.
   - BENEFIT CLEARS: this option allows selected employee benefits to be cleared. A maximum carry over amount can be entered.
     - Backup payroll files
     - From the Reports tab, run a BENEFIT REPORT. Under BENEFIT SELECTION move all necessary codes over to the right column under "Benefit Codes To Include"
     - From the Clears/Purge tab, select BENEFIT CLEAR
     - HAVE YOU BACKED UP YOUR FILES? Y
     - The system automatically displays accrued and remaining benefit codes and descriptions based on Benefit F/M setup. Complete the screen for all benefits to be cleared.
       - INIT? (Y or N): enter "Y" to clear (initialize) this benefit code; complete the next two fields. Enter "N" to leave this benefit as is; it will not be cleared.
       - MAX CARRYOVER: enter the maximum hours allowed to be carried forward to the new year. If no carryover is allowed, press <Tab> to leave this field blank.
       - UPDATE BEG BAL: enter "Y" to update the beginning balance with the remaining hours (as the maximum field allows) and clears out the

accrued and taken fields. Enter “N” – beginning balance, accrued and taken fields will not be updated.

- CLEAR NEG BAL: enter “Y” to clear any negative balances. Enter “N” if no negative balances will be cleared. Negative balances will be carried to the new year and be deducted from future accrued hours.

- PRINTER DESTINATION: Send to Queue
- After completing the screen, select ENTER=OK
- OKAY TO BEGIN PROCESSING? Y
- Re-run the BENEFIT REPORT and verify that benefit codes have been correctly cleared.

5. In the Prior Year Directory, run Annual Report (**PRQANUAL.999**):

- ☐ Under the Reports tab, select Quarterly/Annual Report
- ☐ Under PROCESS OPTIONS, select ANNUAL WAGE REPORT
- ☐ Under REPORT FOR, select ALL (for both FICA and Medicare Wages)
- ☐ Under REPORT OPTIONS, select SEND TO QUEUE
- ☐ Under EMPLOYEE PROCESSING, select ALL EMPLOYEES
- ☐ Enter YEAR ENDING DATE
- ☐ Enter STATE NAME (up to 14 characters)
- ☐ The FICA and Medicare wage totals from this report (**PRQANUAL.999** in spooler) will be referenced in a later section.

6. In the Prior Year Directory, run Earnings History Report (**PRQ32OUT.999**) & Earnings Register (**PRQ15OUT.999**):

- ☐ Under the Reports tab, select EARNINGS HISTORY REPORT
- ☐ Under REPORT BY, leave the system default of DEPARTMENT
- ☐ Under RANGES, enter the FROM CHECK DATE 01/01/2011 TO 12/31/2011
- ☐ Under REPORT OPTIONS, select INCLUDE SUMMARY TOTALS ONLY.
- ☐ Under REPORT DESTINATION, select QUEUE
- ☐ Click ENTER=OK to process the report
- ☐ The system will display message: OKAY TO BEGIN PROCESS? Click YES.
- ☐ After the HISTORY REPORT is done running, select ESC = Cancel
- ☐ Also under the Reports tab, select EARNINGS REGISTER
- ☐ Under SORT OPTIONS, select EMPLOYEE ID and leave the range open (0 to 999999)
- ☐ Select option to PRINT EMPLOYER TAXES
- ☐ Select option to PRINT BENEFIT & PAYCODE INFO
- ☐ Select option to PRINT SUMMARY TOTAL ONLY

- Under REPORT OPTIONS select SEND TO QUEUE
- Select OK to process the report
- Verify the GRAND TOTALS on the Earnings History Report (**PRQ32OUT.999**) are the same as YTD TOTAL AMOUNTS on the Earnings Register (**PRQ15OUT.999**).

7. In the Prior Year Directory, run the W2 Forms and Report: (If Third Party Sick Pay is used, you will need to know the Benefit Code for this)

- Under the Reports tab, select W2-FORMS (**PRQ19RP1**)
- Enter the two character STATE POSTAL ABBREVIATION
- The prompt ENTER AMOUNT TO ADJUST STARTING PRINT LINE (00-90) appears for clients with laser printers. The number 90 represents 1 line while 45 represents ½ a line. This allows an adjustment to be made when generating the W2 print file to move the printing up or down to fit properly on the preprinted W2 form.
  - Initially, enter 00 and test print a few forms to see if an adjustment is necessary.
  - If an adjustment amount is entered greater than 00 an additional prompt will display: ADJUST STARTING PRINT LINE (U)P OR (D)OWN. This tells the system which way to move the printing – up or down.
- INFORMATION CORRECT? Y
- Enter (01) W2-FORMS
- Enter the NUMBER OF TEST PATTERNS for alignment purposes. This will allow the system to generate the specified number of test patterns with X's instead of actual data on the W2 print file. 00 may be entered if this option is not needed.
- SUMMARIZE W2 CODES FOR BOX 14?
  - YES – all deduction amounts with like W2 DESCRIPTIONS, such as SEC125M/I, will be combined together in Box 14.
  - NO – all deduction amounts will be listed individually on the W2. Not summarizing like W2 codes may cause employees to receive overflow W2's.
- INCLUDE SUI WITHHOLDINGS ON W2? Select YES or NO
- SUBTOTAL LOCAL TAXES BY CITY SEPARATELY ON W2? Select YES or NO
- Select the employees to include: (01) ALL EMPLOYEES, (02) INCLUDE BY JOB CLASS, (03) EXCLUDE BY JOB CLASS. Generally when running W2's, select (01) ALL EMPLOYEES.
- ENTER THIRD PARTY SICK PAY BENEFIT: Typically, Third Party Sick Pay is set up with Benefit Code 099 or 999; please verify prior to running W2's by reviewing Benefit F/M lookup on the Setup tab.
- SORT BY: Select the numeric option of the sort for the W2 Forms.
- REPORT BY: Select the numeric option of the sort for the W2 Report.
- INFORMATION CORRECT? Y

- ☐ The W2 REPORT automatically generates and is located in the spooler (**PRQW2RPT.999)**
- ☐ Review and verify the W2 REPORT prior to printing W2 forms.
  - ▪ Total Federal, FICA and Medicare wages and tax withheld from the W2 REPORT (PRQW2RPT.999) should equal the total Federal, FICA and Medicare wages and taxes on the W2 totals page at the end of PRQ19RP1 print file.
  - ▪ PLEASE NOTE: New York state wages will not match the total state taxable wages on the W2 total page as New York requires that federal taxable wages be reported in Box 16.
- ☐ The W2 FORMS print file is located in the spooler as PRQ19RP1. Each time the W2 Forms are generated, this file is overwritten. When printing the W2's to a laser printer, use the **DIRECT/ACUPRINT** print option from the spooler.
- ☐ For clients filing paper copies, Copy A of Form W2 must be filed by February 28, 2012.

8. Other recommended reports include:
   - ☐ Full Payroll Register with all employees
   - ☐ Benefits Report
   - ☐ Individual Deduction Register with YTD totals. (be sure to uncheck box "print employees from current payroll only" in order to get accurate YTD totals)
9. In the Prior Year Directory, create state tape file (**PRSTW2OUT1**):

   Please note: New York clients only file 4^{th} Quarter file (deadline is January 31^{st})

   - ☐ Under the Processes tab, select Create Tape Files; then, from the submenu select W2 Tape File. Under FILING CHOICE select the appropriate option.
   - ☐ RESUBMISSION leave this box UNSELECTED
   - ☐ PAYMENT YEAR 2011
   - ☐ EMPLOYEE PROCESSING select ALL EMPLOYEES
   - ☐ STATE ID NUMBER (as assigned by your state)
   - ☐ STATE CODE: Colorado = 08; Connecticut = 09; Indiana = 18; Kentucky = 21; Massachusetts = 25; Ohio = 39; Pennsylvania = 42
   - ☐ USER ID (as assigned by your state)
   - ☐ CONTACT NAME
   - ☐ CONTACT PHONE
   - ☐ CONTACT EMAIL
   - ☐ CONTACT FAX
   - ☐ THIRD PARTY SICK PAY BENEFIT. Please verify the Third Party Sick Pay benefit code from the lookup in Benefit F/M setup.
   - ☐ PREF METHOD NOTIFICATION:
     - ▪ Select "1" for email

- Select “2” for regular mail; if selecting “2” be sure that Address-2 field on the General Municipality screen is populated. Without the address the process will error out.

- DEDUCTION CODES FOR LOCAL RETIREMENT CONTRIBUTION: This option is only necessary for Massachusetts clients.
- When ready to run process, click OK
- As required by your state, rename the file and save in the prior year directory (for example, K:\KVS\PR_MAS2011).

10. In the Prior Year Directory, create W2 file (**PRW2OUT1**). This process automatically generates the W2 Electronic File Display as well as the file. The 2011 wage electronic filing deadline is **April 2, 2012**.

- Under the Processes tab, select Create Tape Files; from the submenu select W-2 Tape File.
- FILING CHOICE: W2
- RESUBMISSION leave this box UNSELECTED
- PAYMENT YEAR 2011
- EMPLOYEE PROCESSING select ALL EMPLOYEES
- STATE ID NUMBER (client has this info but does not have to be entered)
- STATE CODE: Colorado = 08; Connecticut = 09; Indiana = 18; Kentucky = 21; Massachusetts = 25; New York = 36; Ohio = 39; Pennsylvania = 42
- USER ID (as assigned by Social Security Administration)
- CONTACT NAME
- CONTACT PHONE
- CONTACT EMAIL
- CONTACT FAX
- THIRD PARTY SICK PAY BENEFIT. Please verify the Third Party Sick Pay benefit code from the lookup in Benefit F/M setup.
- PREF METHOD NOTIFICATION:
  - Select “1” for email
  - Select “2” for regular mail; if selecting “2” be sure that Address-2 field on the General Municipality screen is populated. Without the address the process will error out.
- When ready to run process, click OK
- Optional: rename the file as W2REPORT
- Compare Annual Report (Section III) against W2 Electronic File Display (Section IX). The Annual Report’s “FICA WAGES PAID” and “MEDICARE WAGES PAID” should equal the W2 Electronic File Display’s “TOTAL FICA WAGES” and “TOTAL MEDICARE WAGES”.

11. To reprint a single W2:

- Under SETUP, select JOB CLASS F/M
- JOB CLASS CODE: enter “W2” and <Tab>
- JOB CLASS NUMBER ENTERED NOT ON FILE, ADD THIS JOB CLASS? Y
- JOB CLASSIFICATION: enter “W2 REPRINT”
- Click OK and then EXIT
- Go to the employee’s Priority Position record; on the JOB CLASS field, add or change the code to “W2”
- Run W2 Forms (Section VI) and select to INCLUDE BY JOB CLASS
- On the Job Class Code selection screen, choose W2. Only employees coded with Job Class W2 will be processed.
- After W2 has been printed, change the employee’s Priority Position Job Class back to the original value.

12. Reports & files referenced in these instructions as named in spooler or data directory:

- PRQANUAL.999 Annual Report
- PRQ32OUT.999 Earnings History Report
- PRQ15OUT.999 Earnings Register
- PRQW2RPT.999 W2 Report
- PRQ19RP1 W2 Forms
- PRSTW2OUT1 State W2 File
- PRW2OUT1 W2 File