

PAYROLL CALENDAR YEAR-END PROCEDURES 2021 – Legacy “ROMEO”

NC1 Payments/NC3 Payments

___ Be sure to run the NC1 pay types for Life Insurance premiums over \$50,000 before your last payroll for the calendar year.

Refer to the Reporting Taxable Amount of Life Insurance Premiums in the USPS User Guide:
<https://wiki.ssd-t-ohio.org/display/usps/Reporting+Taxable+Amount+of+Life+Insurance+Premiums>

___ Do you have an NC3 payments – non-cash taxable fringe benefit?

Enter Covid-19 Amounts

___ Do you have any Covid-19 Amounts? Enter on 001 Federal DEDSCN

- ___ Covid 1 – Covid-Self
- ___ Covid 2 – Covid-Oth
- ___ Covid 1 – Covid-Emer

Month End Procedures

SERS Retirement

___ Pay all deductions and complete month end procedures as normal. Make certain there are no special pays to process before closing SERS for December.

___ Run the RETIRE program. Select the SERSREG option.

Choose **NOT** to create the tape file. This program generates a report of earnings, deposits, and hours and days paid for each retirement system. If necessary, adjustments can be made using USPSCN/ATDSCN.

- Review the SERSERR.TXT report and if needed clean up any possible errors.
- Review the SERSDET.TXT report and verify employee earnings, days and hours
- Verify that the total contribution amounts listed on the report equal the total deduction checks for the withholding (SERS/STRS) plus any warrant checks written for pick-up on pick-up.
- Verify that contributions by employees equal earnings times the applicable retirement percentage. Allow for rounding (within a few cents).
- Verify that paperwork has been completed for employees listed on the report as NEW.
- Review service credit days and hours for all employees on the report.

___ Once satisfied that the data is correct, run the SERSREG program again this time answering “Y”

to the option to create the tape submission file (SERS.YYYYMMDDXXXX.SEQ) This will clear totals for the month.

- ___ Before you begin running payroll for the next month run the SERSMONTH program. The actual option will clear the MTD accumulators on the 400/590 and 690 DEDSCN records.
- ___ Post a helpdesk ticket that the file has been created.
- ___ Complete and submit SERS monthly reports and payments as required.
- ___ Verify paperwork has been completed for employees listed on the report as “new”.

STRS Retirement

- ___ Clear STRS MTD field using STRSMONTH program. (Optional)

Balance the Payroll Account

- ___ Run the CHKSTA or PAYREC program to reconcile checks.
- ___ Run the USPRPT/CHKSTS program to generate an outstanding check register. Verify that you balance with the bank.

Accumulated Leave

- ___ Run BENACC (if applicable) to accrue sick leave and generate a balance report. Run in **PROJECTION** first to verify and then re-run as **ACTUAL**.

Quarter-End Closing

Balance QRTRPT

Quarter and Year-End Balancing documentation

<https://wiki.ssd-t-ohio.org/display/usps/QRTRPT+-+Quarterly+Report>

- ___ Run the demand option of QRTRPT (N). The report shows quarter, fiscal, and annual totals. Check all totals for accuracy.
 - All deduction checks for the quarter should equal the total deductions showing on QRTRPT. This should be true for every deduction code. Be sure to verify the electronic transfer for federal and medicare payments as well.
 - The total gross showing on the QRTRPT should equal the total of all payroll clearance checks created during CHKUPD for the quarter.
- ___ In the “Totals” section of QRTRPT, the gross and adjusted gross should balance using a manual calculation:

Gross
- Annuities
= Adjusted gross calculated

FYI: The gross amount pulls from the JOBSCN #3, the annuities pull from the DEDSCN YTD fields and the calculated gross pulls from the Federal tax record taxable gross fields.

- The adjusted gross calculated should equal the adjusted gross amount from QRTRPT. This should be true for all adjusted gross figures in the “Totals” section.
- Run the OAPSE report if desired. This report generates a listing of employee name, SSN, Birthday, and year-to-date gross. Menu is PUBDOM, Option 4. USPS_4.0, OAPSE40 you will want to have the deduction code #.

Balance W2REPT

It is recommended that you balance the W2REPT quarterly to minimize problems at calendar year-end.

- Run the program W2PROC (answer “N” to create a tape file until the report is verified as correct). Check the W2ERR.TXT report for errors. W2PROC may be re-run as many times as necessary until all data is correct.
- Balance and report the cost of employer-sponsored Health Coverage in Box 12 using Code DD for 2021.

W2PROC documentation

<https://wiki.ssd-t-ohio.org/display/usps/W2PROC+-+W2+Processing>

- Prompts for up to six deduction codes that can be entered and will print 3 codes in box 14 “Other” such as union dues or United Way. These will print in the order of entry, not in deduction code order. This is optional. Enter 999 if you want to bypass this option.
- W2PROC generates the following files:
 - W2REPT.TXT - A report for your files and used to balance.
 - W2FORM.TXT – The file to print on the W2 pin fed forms. If employees have more than two state, city or OSDI tax records, the extra W2 form necessary to accommodate this information will print on the W2 immediately following the employee’s primary W2 within the W2FORM.TXT file. The additional W2’s will have control numbers which follow in the sequence of the W2FORM.TXT file.
 - W2TAPE.SEQ – The file to be copied to tape and submitted to the Social Security Administration by SPARCC. You should not print this file. If you are a district reporting city tax information to RITA or CCA, a file called W2CCA.SEQ and/or W2RITA.SEQ is generated.
 - W2BREAK.TXT – A report that prints where the W2 forms should be separated when the sort field changes. It lists each sort field and its starting control number. Does not apply to Name or SSN sort options.
 - W2ERR.TXT – Lists errors found in the W2REPT. A list of errors and warning can be found on the W2PROC-W2 Processing handout.
 - W2CITY.DAT – Used for other city submissions and should not be printed.
- Complete and balance the W2REPT Reconciliation Worksheet for the quarter following the directions on the worksheet.
 - Information on the W2REPT should balance to:
 - 941 totals as reported

- ERNREG figures – withheld from employees (void and reissues may cause a balancing issue)
- QRTRPT figures – YTD column

___ Balance the deduction totals (taxes and annuities) on the W2REPT.TXT report with the totals from the DEDRPT.TXT reports from the quarter.

___ Balance the gross amounts on the W2REPT.TXT report with the PAYRPT.TXT reports for the quarter. **NOTE:** These amounts may not balance due to the way W2PROC handles certain amounts (e.g. Medicare pickup).

FYI: Special payments that affect balancing between W2PROC and QRTRPT are Medicare pickup amounts, taxable third party sick pay, leased vehicle, other fringe benefits, and dependent care benefits over the limit. **These amounts add to total and taxable gross and causes the gross amounts on the W2REPT to be higher.** Please refer to the Special Situations handout for further information.

___ **May need to check the Tax Board amounts option on City tax record in DEDNAM:**

- If not used and city taxes Medicare pickup, Tax Med/FICA pickup flag should be a “Y” and Medicare pickup is added to the city total and taxable gross amounts. Employee pays tax after the fact.
- If used, tax is withheld during the payroll process and no Medicare pickup is added to the city wages even if the Tax Med/FICA pickup flag is Y. Extra tax is paid throughout the year.

___ If errors are discovered, check employees that had exception processing during the quarter such as voided checks, error adjustments, or manual changes in USPSCN. The AUDRPT program can be useful in identifying these problems.

Balance Deductions

___ Run the PAYDED program to produce a non-zero deductions report. Use the Projection option, set the payment option to “A” and leave the pay cycle and deduction code fields blank. This report will verify that there are no outstanding deduction amounts.

___ The total of all board paid amounts (if tracked on the system) should equal the total of all warrant checks to the vendor or deduction company.

___ For city withholdings, take the total gross times the percentage to be sure the tax withheld and submitted are correct. Please note mobile employees could cause discrepancies.

___ Complete and file any required quarter-end submission forms.

*****DO NOT RUN QRTRPT FOR OPTION “Y”. YOU DO NOT WANT TO ZERO ANY TOTALS AT THIS POINT.*****

ODJFS

___ Run the routine ODJFSRPT and generate a report only. The first time you process the report, answer “N” to “Create a Submission file”.

- Check all totals for accuracy. Compare the total ODJFS wages to the QTD Total Gross from the QRTRPT. Keep in mind that students and board members are flagged N to ODJFS so you’ll need

to subtract their wages from the QRTRPT to balance to the ODJFSRPT. NC1's will also be a balancing issue.

- Verify that the number of weeks listed are correct. ODJFS weeks count the first Saturday in the quarter through the last Saturday in the quarter. A week is counted if the Saturday following it falls within the reporting quarter. A qualifying week is any week in which an employee has worked at least part of a day.
- **Verify that the number of covered workers fields has totals. For those districts that do not initialize weekends, you may want to consider doing so. In the event the 12th day of the month falls on a weekend, the report will not count any employees because that date was never initialized.**
- If necessary, adjustments can be made using USPSCN/ATDSCN.

___ When all data is correct, run the ODJFSRPT program again, this time indicating you want to create a tape file for submission.

___ Post a help desk that the file has been created.

Year-End Closing

Pre-W2 Processing

___ Check 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 the OSDI four digit code appears first in the W2 abbreviation field in DEDNAM, followed by the school name if there is space. The four digit code is required on the W2.

___ Using the program DEDSCN or W2UPDT, make any necessary changes to YTD gross, YTD taxable gross and/or deductions for the W2 forms. Sources of these changes may be NC1 payments not included in the last payroll in December, moving expenses, fringe benefits, adoption assistance, third party sick pay, dependent care, or a leased vehicle. Your legal advisor may need to be contacted or refer to Publication 15B: <http://www.irs.gov/pub/irs-pdf/p15b.pdf>

W2UPDT documentation

<https://wiki.ssd-t-ohio.org/display/usps/W2UPDT+-+W2+Update+Program>

___ If an employee has **reportable dependent care** information that needs to appear in box 10 of the W2 form, there are two ways of reporting:

- ✓ Enter the dependent care amount in the dependent care field on the 001 Federal record. Only amounts over \$5000.00 will increase the YTD taxable gross.
- ✓ If the DPCARE deduction type is being used, no further corrections are necessary.
- ✓ Questions on whether the dependent care is reportable or not should be directed to your legal advisory.

___ Decide which deductions need to be printed on the W-2 in box 14 (examples might be union dues or United Way).

— For cities using either Regional Income Tax Agency (RITA) or the Central Collection Agency (CCA) to report city tax information, verify the **tax entity code**, the appropriate RITA and/or CCA description, and that these fields are updated correctly on the USPSDAT/DEDNAM record.

RITA tax rates/codes: <http://www.ritaohio.com/>
CCA website: <http://www.ccatax.ci.cleveland.oh.us/?p=taxrates>

— Verify the **Employ/Residence field value** for each employees DEDSCN whose city taxes are being paid through the RITA agency and enter on their DEDSCN screen the appropriate field that refers to if the taxes paid are because of residence (R) or Employment (C).

— Verify portions of annuities identified as life insurance are adjusted on the deduction records so they are taxed properly. If you are notified of this situation, you will need to:

- Increase the taxable gross on the 001, 002, and OSDI deductions for the amount identified as insurance. You do not adjust the total gross.
- Decrease the YTD annuity amount by the value identified as insurance.
- While the federal, state and OSDI records always need updated in this situation, only update city records if the city honors the annuity. Check with city tax departments as to whether or not to adjust city tax deduction records.

— In DEDNAM, verify all annuities are coded with the **proper annuity type**. Retirement records of 590 and 591 should be coded as an annuity type B (401(a)). If you are unsure of the type of annuity, contact the annuity company.

— The **Pension Flag** must be filled in on the 001 deduction record. This field will allow the user to determine whether or not the pension plan box on the W-2 form should be checked. The values for the field are:

- **A**=Automatically checks the box according to what the W2PROC sees in the deduction records. If W2PROC finds an active retirement record for an employee, the box automatically gets checked. If no active retirement record for the employee is found, the box does not get checked.
- **Y**=Yes, indicates to W2PROC to always check the pension plan box, no matter what else is found.
- **N**=No, means to never check the pension plan box.
 - The pension plan field will be set to an “A” by default. This value means the checkbox will be marked automatically if a retirement record is on file, otherwise it will not be marked.
 - If students waive their enrollment opportunities to SERS and STRS, users should run the DEDSCN option of USPSCN and set the “pension plan” field to a “Y” for the first year of employment. If they work in future years, then the box should not be marked so the record will need to be changed to an “N”.
 - It is common to receive a warning “cannot find active retirement record on file” for students who do not want to participate in SERS.
 - If board members elect to contribute to FICA, they are not considered eligible to participate in SERS so the box should be marked “N” or could be an “A” because there will not be any retirement record on file so it will automatically know not to check the box.

- If board members elect to contribute to SERS, then the box can be checked “Y” or “A”.

— Run the program YTDRPT, if desired. This report generates year-to-date totals and a benefit statement for all employees, pay groups, or individual employees.

— Run the program W2PROC (answer “N” to create a tape file until the report is verified as correct). Check the W2ERR.TXT report for errors. W2PROC may be rerun as many times as necessary until all data is correct.

- Prompts for up to six deduction codes that can be entered and will print 3 codes in box 14 “Other” such as Covid Codes, union dues, or United Way. Covid Codes need to be first in box 14. These will print in the order of entry, not in deduction code order. This is optional. Enter 999 if you want to bypass this option.
- W2PROC generates the following files:
 - W2REPT.TXT - A report for your files and used to balance.
 - W2FORM.TXT and W2FORM.DAT – The files used to print the actual W2 forms. If employees have more than two state, city or OSDI tax records, the extra W2 form necessary to accommodate this information will print on the W2 immediately following the employee’s primary W2 within the W2FORM.TXT file. The additional W2’s will have control numbers, which follow in the sequence of the W2FORM.TXT file.
 - W2TAPE.SEQ – The file to be copied to tape and submitted to the Social Security Administration by SPARCC. You should not print this file. If you are a district reporting city tax information to RITA or CCA, a file called W2CCA.SEQ and/or W2RITA.SEQ is generated.
 - W2BREAK.TXT – A report that prints where the W2 forms should be separated when the sort field changes. It lists each sort field and its starting control number. Does not apply to Name or SSN sort options.
 - W2ERR.TXT – Lists errors found in the W2REPT. A list of errors and warnings can be found on the W2PROC-W2 Processing handout.
 - W2CITY.DAT – Used for other city submissions and should not be printed.

W2 Processing

W2 forms may be generated at a later date, if necessary, from the files in OLD. You must type OLD, press enter and select C for calendar before accessing the W2PROC program

— Once you have verified the report to be correct, run **W2PROC** again and please make sure you answer “Y” when it asks if you want to create a tape file.

— Enter the 5 fields on the tape file format submitted to the SSA

- Employer Contact Name
- Employer Contact Phone Number
- Employer Contact Phone Extension
- Employer Contact Fax Number
- Employer Contact Email Address

Note: These prompts will only appear in W2PROC when the option to create the tape is answered “Y”

The Contact Name information will be used on the W2 and is a **REQUIRED***** field.

— For Edge Software districts – please Post a Help Desk ticket as to whether you have run your W2’s in NEW or OLD.

(**Hint:** If you didn’t type OLD to generate your W2’s then you are in the NEW files. We need to know where your W2 file can be found.)

****CY2020** -PRINTING W2'S**

For Create-A-Check Software districts, please post a Helpdesk Ticket to Fiscal_Help@email.sparcc.org ask SPARCC to print your W2's for you. Please also include whether you ran your W2's in NEW or OLD.

Send your completed IT-3 and W2 submission form by Friday, January 15th, 2021 to:

SPARCC
2100 38th Street NW
Canton, OH 44709
Attn: FISCAL HELP

Ohio Department of Taxation IT-3 Form (fill in and pdf form):

http://www.tax.ohio.gov/portals/0/forms/employer_withholding/Generic/WTH_IT3.pdf

*Note: It is not necessary to file the W-3 form with SPARCC or the IRS.

If an employee loses or destroys his/her W2 copies, give the employee new copies of form W2 marked "Reissued Statement". Do not send Copy A of the reissued form to the SSA.

If a W2 is corrected before our tape is sent to SSA, use the program W2UPDT to make changes and reissue the W2. If we have already sent the tape to SSA, you must use the program W2C to make your corrections. Please post a Help Desk for assistance.

W2C documentation

<https://wiki.ssd-t-ohio.org/display/usps/W2C+-+W2C+Statement+of+Corrections+Form>

You are responsible for providing W2 information to your localities that do not require electronic filing. **If you have a city that requires electronic reporting, please let us know.**

Once satisfied with all totals and only if desired generate hard copies of these reports. These will be reproduced on PAYROLLCD.

- USPRPT/EMPMST (all data)
- ERNREG (all data for the quarter)
- QRTRPT (all data – demand report)
- AUDRPT (official copy for Auditor)

Run the CALENDARCD program. * If you are processing your W2's out of OLD you will need to process CALENDARCD out of OLD. CALENDARCD generates a standard set of calendar year-end reports and makes them available via the PAYROLLCD web directory.

Check PAYROLL CD to verify the reports.



PAY_BACKUP



- Create a copy of your files using PAY_BACKUP program under USPS_LCL menu. Choose CALENDAR year **** (make sure that no one from your district is in the files while this routine is running).**

*****Do not proceed until you have received an email from SPARCC that your backup completed correctly and it is okay to proceed. *****

- Received email from SPARCC that backup is correct.

Closing the Quarter/Calendar Year

- Complete and file any required quarter-end submission forms.
- Run the QRTRPT program and zero out all data for the quarter **and** Calendar year Select (**Option Y**).
- To verify the data cleared correctly, run the QRTRPT program again and verify that the year-to-date and quarter-to-date totals on the report are zero. The VIEW option can be used to check the totals.
- Begin payroll processing for the next calendar year. ☺

Preparing for 2020

- Enter changes in tax withholding rates effective January 1, 2020
 - City rates
http://incometax.columbus.gov/search_taxmunicipalities.aspx?id=13116&menu_id=502
 - OSDI rates
http://tax.ohio.gov/employer_withholding.aspx
 - May be able to use MASCHG/MASADD
 - OSDI code must be in BIOSCN

- Unsure if employee should be taxed

<https://thefinder.tax.ohio.gov/StreamlineSalesTaxWeb/AddressLookup/LookupByAddress.aspx?taxType=Municipal>

- Use CHGDED for updates

- W2MAINT documentation

<https://wiki.ssd-ohio.org/display/usps/W2MAINT+-+W2+Maintenance>

Helpful documentation

<http://www.irs.gov/pub/irs-pdf/fw2.pdf>

<http://www.irs.gov/pub/irs-pdf/p15a.pdf>