MVECA 2020
USPS Calendar Year-end Closing Procedure

BEFORE FINAL PAY OF 2020:

W2MAINT – **Optional**: creates a file to upload to the SSA for SSN/Name matches. SSA will return a file with errors. Rename this file to EVSVER2K.SEQ and transfer the renamed file to the host. Execute the EVSRTN option of W2MAINT to get a printable report of the errors. (Contact helpfiscal@mveca.org if you need assistance.)

1. _____Determine if taxable fringe benefits paid to employees through an A/P warrant check need to be processed as an NC3 pay.

    - See IRS Pub 15-B and the Taxable Fringe Benefit Guide for definitions of taxable fringe benefits. Consult a tax advisor to determine if the tax for the fringe benefits should be paid using this non-cash pay type.
    - Process a NC3 pay type for taxable fringe benefit that are to be reported on the W2. NC3 pay types are taxed at the time they are processed through payroll and will NOT be included in the employees total gross or the total amount for the pay account, but will be added to the employees taxable gross amount. NC3 payments will automatically show in the “Tax. Ben” field on the 001 federal tax record

2. ____Process cost of Life Insurance Over $50,000 as a NC1 pay type.

    - Include NC1 pay types for any employee with board paid life insurance over $50,000 using the USPSCN/UPDCAL_CUR or UPDCAL_FUT program before their final pay of the year.
    - Adding the NC1 pay type in UPDCAL_CUR will help eliminate balancing issues with INICAL.
    - Calculate the non-cash earnings based on IRS Pub. 15B -cost of life insurance over $50,000. There is a NC1 calculation available from MVECA/FISCAL/Fiscal Main Page/Calendar yearend Documentation. (Important: enter the total amount of group term life into the calculator).
    - Also, manually reduce down the taxable gross amount for any city tax deduction that does not tax non-cash earnings.

3. ____STOP- you can run W2PROC to check for errors if before the install of the new release scheduled for 12/14. Balance figures, review, correct warnings and errors. If after 12/14, send a helpdesk request to helpfiscal@mveca.org to create a backup of your data.

- Verify that all rehired employees have a Medicare deduction. They may have previously fell under the no Medicare rule if their previous hire date was prior to April 1986. All non-Medicare employees are listed on the first few pages of W2REPT.TXT.

- **COMPLETE MONTH-END CLOSING**

4. _____Run the **RETIRE** program (SERS and STRS). Do not create a tape file at this time. This program generates a report of earnings, deposits, and days paid for each retirement system. If necessary, adjustments can be made using USPSCN/ATDSCN.

   - _____Verify that the total contribution amounts listed on the report equal the total deduction checks for the employee withholding (STRS/SERS) plus any warrant checks written for pick-up on pick-up.

   - _____Once satisfied that the data is correct, run RETIRE again and create the submission tape file. To clear MTD totals, run STRSMONTH and SERSMONTH.

   - _____Complete and submit retirement reports and payments

   - _____Verify that the enrollment forms are complete for all newly hired staff. Run STRSHIRE or SERSHIRE to create an enrollment file.

5. ____Balance the payroll bank account.

   - _____Run the CHKSTA or PAYREC program to reconcile checks.

   - _____Run the USPRPT/CHKSTS program to generate an outstanding check register.

6. ____Run BENACC program, if applicable.

Start QUARTER-END CLOSING

7. ______Run the demand option ***(N)*** of QRTRPT (Menu>QRTRPT). The report shows quarter, fiscal, and annual totals - check for accuracy**.** ***Do not zero out totals at this time.***

8. ______In the "Totals" section of QRTRPT, the gross and adjusted gross should balance using a manual calculation: Gross – Annuities=Adjusted gross calculated. 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.

9. ______Run CHKSTS for all D, E and G check types. 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 transfers of federal and Medicare payments.

10. _____Run CHEKPY for all payroll clearance checks (USAS access required). The total gross showing on QRTRPT should equal the total of all payroll clearance checks created during CHKUPD for the quarter.

11. _____It is recommended that W2PROC be executed quarterly to minimize problems at calendar yearend.

    - _____Check the W2ERR.TXT and make corrections if needed.
    - _____Balance the deduction totals for taxes and annuities comparing the W2REPT.TXT to the DEDRPT.TXT for each pay in the quarter.
    - _____Balance the gross amounts comparing the W2REPT.TXT with all PAYRPT.TXT from the quarter. NOTE: These amounts may not balance due to the way W2PROC handles certain amounts (e.g. Medicare pickup).
    - _____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 to identify these problems.

12. _____Run PAYDED program verifying that there are no outstanding amounts in the deduction accums. To generate a non-zero deduction listing, set the 'Payment option' to A, leave the 'Pay cycle' and 'Deduction code' field's blank.

13. ______Optional: The total of all board amounts on DEDRPT for the year (if tracked in USPS) should equal the total of all warrant checks to the vendor (CHEKPY). Modifications to the REQ or PO before payment will cause the amounts to be out of balance.

14. ______City Taxes can be reconciled by multiplying taxable gross by the tax withholding. (Please note: Discrepancies may occur for employees residing or working in multiple cities because of credits given by that city).

15. ______Run the program ODJFSRPT and **generate the report only.** Check all totals carefully for accuracy. If necessary, adjustments can be made using USPSCN/ATDSCN.

Use the new reports to help you balance this report:

- NOODJFS – employees marked "N" to ODJFS on the State Record but have gross pay
- ODJFSOTHER – employees who have a stop date on the State Record and are marked "Y" to ODJFS.

16. ______When all data is correct, run the ODJFSRPT program again, this time indicating that you want to create a tape file for submission to ODJFS to close ODJFS for the quarter.

17. ______Generate any quarter end reports for archives. (Please note: PayrollCD automatically creates the following reports quarterly)

ABS101	EMPMST	QRTRPT
AUDRPT	ERNREG	BENRPT
ERNSUM	CHKSTS	ODJFSRPT

W2 NOW

If you are ready to complete W2 processing now. Proceed to next step: W2 PROCESSING NOW.

W2 LATER

If you need to begin the January Payroll before completing W2 processing, Proceed to STEP 41, W2 PROCESSING LATER OPTION.

New Deadline: We need your W2 Tape Submission file by Jan. 15th

W2 PROCESSING NOW

Before W2 Processing:

18. ______Flag any Employer Sponsored Health Care deductions in DEDNAM or upload the total value of the insurance coverage provided (employee paid + board paid) using USPLOAD.

19. ______Check the DEDNAM program to verify that all **annuities** are coded with the proper annuity type. If you are unsure of the type of annuity, contact the annuity company. Section 125 annuities (excluding Adoption Assistance) should be coded as ‘D’ Section 125, treated as non-wages.

20. ______Check the Pension Plan Box on the 001 Deduction Record. (A=Automatically flag if retirement deduction is present, Y= flag regardless of retirement deduction present and N= never flag)

21. ______Check W2 abbreviations on the **CITY DEDNAM** records. The W2 form will truncate the abbreviation to six characters even though the field in DEDNAM allows twelve characters. For example if you use YELLOW SPRINGS <u>ONLY</u> “YELLOW” will print.

22. ______Cities that require magnetic reporting must have a **TAX ENTITY CODE** in DEDNAM. Cities using either Regional Income Tax Agency (RITA) or the Central Collection Agency (CCA) to report city tax information have an additional identification field. Verify the tax entity code and the appropriate RITA and/or CCA description are entered on the city DEDNAM record. Contact RITA or CCA to obtain the entity codes or use the links below.
    RITA City Code List: http://www.rita.to/individual/pdf/2015/taxtable.pdf
    CCA City Code List: http://www.ccatax.ci.cleveland.oh.us/?p=taxrates

    Xenia City and Washington Court House requests a submission of an electronic file. MVECA can produce the needed file format for you. Please put “XENIA” or “WCH” in the TAX ENTITY CODE field if you want this file.

    _____Check employee deductions to confirm withholding for those employed in the city or residing in a city: C=employment; R= Residence

23. _____Check DEDNAM verifying that all **OSDI** deductions have a valid OSDI district code set-up and the ODSI number is listed in the W2 Abbrev field for example: 2902CEDAR

24. _____Optional - Run CHKSTS for any outstanding checks (‘P’ status).

Determine if any payroll checks should be voided.

25. _____Taxable Fringe Benefits – add to the fringe benefit field on the 001 Federal Tax deduction record (only if they were not paid as an NC3) (See, also, document Reimbursement of Employee Expenses for additional instructions.) W2PROC will ask if you want this amount in box 14.

26. _____ Dependent Care – add to the Dependent Care field on the 001 Federal Tax deduction record (only if NOT using the DPCARE deduction type on the deduction record).

27. ______Leased vehicle and moving expenses – add to the Vehicle Lease or Move Exp fields on the 001 Federal Tax deduction record.

28. ______Life Insurance - If notified by an annuity company that life insurance was purchased from an annuity that was withheld:

    - Increase the taxable gross on the 001, 002, and OSDI for the amount identified as insurance and decrease the YTD annuity amount by the amount identified as insurance.
    - If the city honored the annuity when the amount was withheld, the city records should, also, be updated.

29. ______Non-taxable Third Party Sick Pay – add to the Third Party Pay field on the 001 Federal Deduction record.

    - Taxable third party sick pay payments need to be added to the gross and taxable gross on Federal, State, Medicare (FICA if applicable) and OSDI deduction records.
    - If Medicare was withheld, increase the Medicare deduct total on the 692 deduction record. The board share of Medicare will need to be paid, also. See Third Party Sick Pay document and [IRS Publication 15-a]. (Please note: W2UPDT can, also, be used to make any necessary changes to the YTD gross, YTD taxable gross and/or deductions for the W2 forms)

THREE NEW COVID FIELDS ON FEDERAL DEDUCTION

Added 3 new fields

NEW FOR 2020

- COVID 1 – COVID-SELF
- COVID 2 – COVID-OTH
- COVID 3 – COVID-EMER

Three (3) new COVID fields have been added to the Federal deduction record. They are labeled COVID 1, COVID 2 and COVID 3. These new fields will be used to appear on the W2 in Box 14. All these amounts are already included in the gross and taxable gross amounts but must be entered/shown here separately on the Federal record, so the employee will see these amounts on the W2 in Box 14.

30. ______STOP --- You can continue with this step if before 12/14/20. Run the program W2PROC. This program generates W2ERR.TXT, W2REPT.TXT and W2FORM.TXT. Review the W2 report text file, (W2REPT.TXT) for accuracy. Balance totals to 941, ERNREG, QRTRPT. If it is after 12/14, request that your files be backed up before continuing.

31. ______A W2ERR.TXT will be created if you have any errors. Fatal errors MUST be cleared up prior to creating your final W2's and creating a tape file. All warnings must be researched thoroughly and make adjustments/corrections if needed. W2PROC can be generated as many times as necessary. See W2PROC Errors and Warnings.

32. ______A report called W2BREAK.TXT shows where the W2 forms could be separated for possible distribution. The report lists each sort field and its starting control number. This report does not apply to Name or SSN sort options.

33. ______Run W2PROC and create a tape file. Be sure to sort it in the manner that you want your W2s printed.

IMPORTANT!!! IMPORTANT!!! IMPORTANT!!!

Make sure you answer "Y" when it asks if you want to create the tape file on the final run of W2's. VERIFY the district Federal and State identification numbers. *It is critical* that these numbers are correct.
This generates the following additional files:
W2TAPE.SEQ –DA Site transmits to federal and state taxing entities
W2FORM.DAT – DA Site uses for laser printed W2s.
W2CCA.SEQ & W2RITA.SEQ – DA Site transmits to RITA or CCA
W2CITY.DAT – DA Site uses for other city submissions

34. ______Once the **tape file** is created; open a helpfiscal@mveca.org ticket letting us know your W2's are ready to print. Include in the request the following:
- Sort order (name or entry order) for W2s,
- If you would like a city file (supply us with the tax entity code).
- If a RITA file needs to submitted for your district
- If kiosk user, when should the W2s be released to the kiosk

CALENDAR YEAR END CLOSING

35. ______Other Suggested Reports:

- OAPSE – SSN, D-O-B, YTD gross (for union YTD Reports, but this report can be executed for any deduction code)
- NAMID - Name/SSN report, in name sequence
- WAGOBL - **BOTH** options WAGEMP and WAGACT (Auditor request)
- BENOBL – **BOTH** options BENEMP and BENACT (Auditor request)

VERY IMPORTANT STEP BELOW!!!!!

36. ______Create a backup copy of your files from the menu> USPSBACKUP.
EVERYONE SHOULD BE LOGGED OUT OF USAS AND USPS

37. ______Run **CALENDARCD**. The following Calendar Year End reports are placed on the web. (Please note: Additional reports that you wish to archive can be burned to a CD or stored on your computer).

AUDRPT	ERNREG	W2ERR
CHKSTS	BENRPT	W2REPT
EMPMST	YTDRPT	W2FORM

*******DO NOT GO TO THE NEXT STEP (QRTRPT) UNTIL YOU VERIFY THAT THE REPORTS CAN BE VIEWED IN THEIR ENTIRETY ON THE WEB*******

38. ______Run the QRTRPT program and zero out all data for the quarter and calendar year (Option Y). (This will also clear your dependent care amounts if applicable.)

39. ______To insure 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 0.

40. **BEGIN PAYROLL PROCESSING FOR THE 2021 CALENDAR YEAR, but first….**

Go to Step 49

Go to step 49 – post W2 processing

W2 LATER

<u>W2 PROCESSING LATER OPTION:</u>

41. ______**Create backup copy of your files. From the menu: USPSBACKUP**

This procedure creates a copy of your files. W2 forms may be generated later, if necessary, from the files created by this procedure.

42. ______Run the QRTRPT program and zero out all data for the quarter and calendar year (Option Y). (This will also clear your dependent care amounts if applicable.)

43. ______To insure 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 0.

44. _______Email helpfiscal@mveca.org to request to have your yearend backup copied to a demo for W2 processing. The login to the demo will be sent to the requester via email.

45. **BEGIN PAYROLL PROCESSING FOR THE 2021 CALENDAR YEAR.**

46. ______Go back and complete steps 18-33 in the demo.

47. ______Email helpfiscal@mveca.org and be sure to include: W2s are ready to be printed from the demo. Please include how the W2s should be sorted (name order or entry order). Include a date for W2s to be available in the kiosk, instructions for a city submission file and/or a RITA submission.

48. ______Run additional yearend reports for archiving

- OAPSE – SSN, D-O-B, YTD gross (for union YTD Reports, but this report can be executed for any deduction code)
- NAMID - Name/SSN report, in name sequence
- WAGOBL - **BOTH** options WAGEMP and WAGACT (Auditor request)
- BENOBL – **BOTH** options BENEMP and BENACT (Auditor request)

MVECA will rerun the backup and calendarCD from the demo.

POST W2 Processing

Deadline for submission files to MVECA is January 15, 2021.
Deadline for submission is ***January 31, 2021***

49. ______Send MVECA a completed, signed Form 17 to submit RITA W2s, electronically.
   a. Form 17 is sent with the CD to RITA
   b. Deadline for submission is ***On or before the last day of February following the calendar year in which the taxes were withheld. You may have submitted your OHIO, RITA and CCA file electronically in 2019. You will be able to do that again this year.***