Classic™ Payroll Year-end Checklist

CASELLE®

Contents

0 Before you get started

Are you using the latest IRS W-2 forms?

Navigate to **http://www.caselle.com/pdf/TaxReferenceSheet.pdf** to download the IRS Tax Forms Reference Sheet.

You will need Adobe Acrobat to view the reference sheet.

Do you have the latest Caselle release installed and running?

If you're not sure, follow these instructions to print the Application Version List. Then, check the version numbers that are listed on the Application Version List.

Check the Caselle Software Version Number

1. Open **Classic System Management > Caselle Application Tools**.

2. When the Caselle Application Tools menu displays, click **Version**.

3. When the **Caselle Version Tools** screen displays, the left-hand panel will be empty. To check the version numbers of the Caselle software installed on your system, click the **Caselle Applications** button.

The system will display a message that asks you to wait while it scans the Caselle software you have installed.

4. The system will display a list of all Caselle applications on your system and their version numbers. For closing the payroll year, your Caselle Software version numbers should all begin with **2.16.__**.

Important! Complete these steps in order.

You must complete the Payroll Year-end Checklist in order to close the current payroll year.

> **Tip! Use the Payroll Year-end Checklist to chart your progress.**

Print the Payroll Year-end Checklist

Navigate to **www.caselle.com/pdf/pr2_ClassicPRYearEndChecklist.pdf** to download the Payroll Year-end Checklist.

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> Note: Each chapter number in this document corresponds to a step in the Payroll Year-end Checklist.

1

Be sure ALL steps on the Payroll Steps Checklist...

Before you begin the Payroll Year-end Checklist, first complete the Pay Period Checklist for the last payroll paid in December.*

When the final Pay Period Checklist for the year has been completed, you are ready to begin working on the Year-end Steps Checklist.

*Reminder... Depending on your site's payroll schedule, the last pay period in December might not include the last day of the month. For example:

Pay Period	Paycheck Date	Tasks
11/29-12/12	12/19	**Last payroll in December:** **1. complete the Pay Period Checklist for this period.** **2. begin the Year-end Steps Checklist.**
12/13-12/26	1/2	**First payroll in January:** **3. complete the Pay Period Checklist for this period.**

Anycity Corporation   Payroll
                                                  Steps Checklist - Year End Steps

IMPORTANT ! ! ! To CLOSE the current payroll year, the following steps must be completed in the order listed.

>> Make sure you have the latest program release installed to accomodate any recent changes to the W2 forms.

>> Print W2s as soon as possible. DO NOT load the new tax rate information until AFTER the year-end steps have been completed.

REFER TO THE W2/1099 GOVERNMENT REPORTING MANUAL FOR DETAILED INFORMATION

1. Be sure ALL steps on the Payroll Steps Checklist have been completed for the final payroll that is PAID in December BEFORE continuing.

2. Verify Pay Code rates and limits. (MAINT) Do not enter any tax rate changes for NEXT year until steps 1-24 are completed.

3. Run the Employee Checkout. Correct ALL errors before continuing. (MISC)

4. Print the Payroll Summary for the entire calendar year. Change the date ranges to include the entire year. (REPORTS)

2 Verify pay code rates and limits

Make sure the current rate/limit information is correctly set up in Pay Code Maintenance for the Payroll year being closed.

- Check Social Security Rates/Limits.
- Check Medicare Rates/Limits.
- Check any other limits that may apply (i.e., disability, deferred comps, etc.).

> **Warning!** Place the Tax Rate information for the coming year in a safe place. DO NOT load the new tax rate information into Payroll until Step 24.

How do I verify rates and wage limits?

Do this...

1. Open **Classic Payroll > Maintenance > Pay Code**.

2. Enter the **Social Security Pay Code** for your site in the Lookup Bar. Press **Enter**.

3. On the **General 2** tab, verify the amount in the **Maximum Wage Limit** field is correct for the Payroll year being closed.

Classic Payroll > Maintenance > Pay Code > General 2 tab > Maximum Wage Limit

4. On the **Pay Periods** tab, verify the number in the **Amt-Rate%** field is correct for the Payroll year being closed.

Classic Payroll > Maintenance > Pay Code > General 2 tab > Amt-Rate-%

5. Repeat steps 2-4 for any other applicable pay code rates/limits.

3   Run the Employee Checkout

Now that you've verified the rates/limits for the year you're closing, the next step is to run Checkout. This will help you to discover any errors that need to be corrected before you continue.

How do I run Checkout?

Run Checkout to search the employee information for errors.

Do this...

1. Open **Classic Payroll > Miscellaneous > Checkout**.

2. Run Checkout for **ALL** employees.
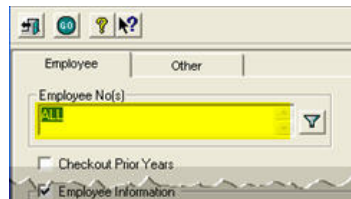
Classic Payroll > Miscellaneous > Checkout > Employee No(s) field

3. Verify the **Beginning Date** is **01/01/YYYY** and **Ending Date** is **12/31/YYYY**. These should default to the year being closed in order to scan and check the entire year's data.

> **Important!** If these dates are incorrect, DO NOT change them. Call customer service to address the issue.

4. Click **GO** (Ctrl+G).

4 Print the Payroll Summary for the entire calendar year

The Payroll Summary lists the entire year's activity for each employee, including check numbers and year-to-date totals.

Use this report to balance the Annual 941 Report (Step 8). Compare the data on these two reports to ensure that the information is correct, then you can move on to printing the W-2s.

You will also use this report later to compare with the data on the Payroll Conversion report (Step 20-B).

> **Tip! The Payroll Summary for the entire year can be quite lengthy. You may wish to start the print job just before you leave the office for the evening or at some other time when printer traffic is low.**

How do I print the Payroll Summary?

1. Open **Classic Payroll > Reports > Payroll Summary > Calendar Year**.

2. The date range will default to the current year dates. Click on the Ellipsis button in the date area, to change the date range to the **01/01/YYYY** to **12/31/YYYY**.

> **Tip! If you need to change the report date range to the prior calendar year, click the … button.**

5   Verify the employee information on the Payroll Summary

First, use the Payroll Summary to verfiy employee totals and amounts.

Second, if there are errors in the employee totals and amounts, use Manual Check Entry to enter corrections.

Third, reprint the Payroll Summary, if necessary.

> **Tip! Do not throw away the Payroll Summary. State and Federal laws require that you keep Payroll data for several years. After you have finished using it, you should store this report in your archives.**

Anycity Corporation						Payroll Summary by Name Check Issue Date(s): 01/01/YYYY to 12/31/YYYY							
			Gross / Expense			Taxes			Deductions			Net / Info	
Date	Check No	M	Hours	PC Typ	Amount	PC Typ	Amount	PC Typ	Amount	PC Typ	Am
30 Austin, George											
01/08/2011	13309		80.00	1-00 GR	1,040.00	74-00 SS	64.48 -			85-00 N	
						75-00 MD	15.08 -				
						76-00 FW	56.48 -				
						77-00 SW	38.85 -				
01/22/2011	13376		80.00	1-00 GR	1,040.00	74-00 SS	64.48 -			85-00 N	
						75-00 MD	15.08 -				
						76-00 FW	56.48 -				
						77-00 SW	38.85 -				
02/05/2011	13412		64.00	1-00 GR	832.00	74-00 SS	64.48 -			85-00 N	
			16.00	3-00 GR	208.00	75-00 MD	15.08 -				
						76-00 FW	56.48 -				
						77-00 SW	38.85 -				
02/19/2011	13478		80.00	1-00 GR	1,040.00	74-00 SS	64.48 -			85-00 N	
						75-00 MD	15.08 -				
						76-00 FW	56.48 -				
						77-00 SW	38.85 -				
03/05/2011	13535		80.00	1-00 GR	1,040.00	74-00 SS	64.48 -			85-00 N	
						75-00 MD	15.08 -				
						76-00 FW	56.48 -				
						77-00 SW	38.85 -				
03/19/2011	13587		80.00	1-00 GR	1,040.00	74-00 SS	66.60 -			85-00 N	
			1.75	2-00 GO	34.13	75-00 MD	15.57 -				
						76-00 FW	61.60 -				
						77-00 SW	41.07 -				
04/02/2011	13651		80.00	1-00 GR	1,040.00	74-00 SS	64.48 -			85-00 N	
						75-00 MD	15.08 -				
						76-00 FW	56.48 -				

How do I re-print the Payroll Summary?

If you correct any employee totals or amounts, you will need to reprint the Payroll Summary.

Do this...

1. Open **Classic Payroll > Reports > Payroll Summary > Calendar Year.**

2. The date range will default to the current year dates. Click on the Ellipsis button in the date area, if you need to change to the prior year.

> **Tip! If you need to change the report date range to the prior calendar year, click the ... button.**

6 Verify that YTD totals and Range totals match

Look at the last page(s) of the Payroll Summary. Verify that the Year-to-Date and the Range totals match.

> **Important!** If the totals DO NOT match, there is a problem. Verify the report date range, and then reprint the report. If the totals on the reprinted report still do not match, call customer service for assistance.

Grand Totals: 20 Company Amounts

Range	PC	Title	Typ	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Year-to-Date
155,134.65	1-00	Regular Pay	GR	116,015.05	39,119.60	-	-	155,134.65
523.72	2-00	Overtime Pay	GO	500.09	23.63	-	-	523.72
1,308.00	3-00	Vacation Pay	GR	716.00	592.00	-	-	1,308.00
743.75	4-00	Sick Leave	GR	478.75	265.00	-	-	743.75
-	7-00	Holiday Pay	GR	-	-	-	-	-
-	8-00	Miscellaneous P	GM	-	-	-	-	-
671.52	9-00	Comp Time Pay	GR	564.31	107.21	-	-	671.52
-	20-00	Misc Reimburser	E	-	-	-	-	-
-	21-00	Travel Reimburs	E	-	-	-	-	-
1,934.20 -	40-00	401-K Deduction	D	1,419.40 -	514.80 -	-	-	1,934.20 -
1,532.00 -	65-00	Credit Union	D	782.00 -	750.00 -	-	-	1,532.00 -
-	70-00	Miscellaneous D	D	-	-	-	-	-
9,819.66 -	74-00	Social Security T	SS	7,333.00 -	2,486.66 -	-	-	9,819.66 -
2,296.56 -	75-00	Medicare Tax	MD	1,715.01 -	581.55 -	-	-	2,296.56 -
9,977.86 -	76-00	Federal Withhold	FW	7,444.40 -	2,533.46 -	-	-	9,977.86 -
5,946.26 -	77-00	State Withholding	SW	4,437.28 -	1,508.98 -	-	-	5,946.26 -
126,875.10 -	85-00	Net Pay	N	95,143.11 -	31,731.99 -	-	-	126,875.10 -
-	86-00	Direct Deposit	N	-	-	-	-	-
-	90-00	State Retirement	I	-	-	-	-	-
-	91-00	Health Insurance	I	-	-	-	-	-
-	92-00	Long Term Disab	I	-	-	-	-	-
-	98-00	SUTA - State Un	SU	-	-	-	-	-
-	99-00	Workers Compen	WC	-	-	-	-	-
.00		Proof		.00	.00	.00	.00	.00

*** Informational, Tips Reported and Fringe Benefit type codes not included in Proof ***

7 Print the Quarterly reports for the 4th quarter

Print the Quarterly reports for the 4th Quarter that are required for your site:

- FUTA Report
- State Combined Report
- Workers Compensation List
- Workers Compensation Report
- 941 Report (more about this in Step 8)
- SUTA Report
- SUTA Wage List
- SUTA Work-site Report

> **Tip! You should have received the official Form 941 and Schedule B forms from the IRS. You may use the corresponding Caselle reports that you will print out here to easily copy the information to the federal forms. If you want to print the report information directly onto the official forms, contact Customer Service for instructions.**

How do I print the Quarterly 941 Report?

1. Open **Classic Payroll > Reports** and select the desired reports from the list.

2. Verify the quarterly Date Range selected for the report.

- Click the **Ellipsis** button in the date area.
- From the dialog box that appears, click one of the Large Arrow buttons (left to select dates in the past, right to select dates in the future) until you have changed the date range to the correct quarter.

3. Click **Preview** (Ctrl+Q) to preview the report, or click **Print** (Ctrl+P) to print the report.

4. From the Printer Form screen, select the desired printer, verify the settings, and click **GO** (Ctrl+G).

5. Review the reports and fill out the actual quarterly reports at this time.

8 Print the Annual 941 Report for the entire calendar year

The Annual 941 Report is one more way to verify that your annual payroll data is in agreement.

- Match the Annual 941 Report to the total of all the Quarterly 941 Reports for the entire calendar year.
- Compare the Year-to-Date totals from 941 Report with those found on the Payroll Summary.
- Use the Annual 941 Report to match the W3 transmittal.

How do I print the Annual 941 Report?

Follow these steps to print the Annual 941 Report for the entire calendar year.

Do this...

1. Open **Classic Payroll > Reports > Government Reports > 941 Report**.

2. Change the report Date Range to select the check issue dates for the entire calendar year being closed.

   a) Click the Ellipsis button in the Date area.

   b) From the dialog box that appears, click the Types button on the top row and select Calendar Year Date from the drop-down menu. Next click the Types button on the bottom row, and again select Calendar Year Date from the drop-down menu.

   c) Click **Accept**.

3. Click **Preview** (Ctrl+Q) to preview the report, or click Print (Ctrl+P) to print the report.

4. From the Printer Form screen, select the desired printer, verify the settings, and click **GO** (Ctrl+G).

9 Print any annual payroll reports for the current year

Next, print any annual payroll reports for the current year that are required for your site. These reoirts might include:

- 12-month transmittal reports for all pay codes,

- Employee Master List

Do this...

1. Open **Classic Payroll > Reports > Transmittal Reports**.

2. Change the report Date Range to select the check issue dates for the entire calendar year being closed.

a) Click on the Ellipsis button in the date area.

b) From the dialog that appears, click the **Types** button on the top row and select **Calendar Year Date** from the drop-down menu. Next, click the **Types** button on the bottom row, and again select **Calendar Year Date** from the drop-down menu.

c) Click **Accept**.

3. Click **Preview** (Ctrl+Q) to preview the report, or click **Print** (Ctrl+P) to print the report.

4. From the Printer Form screen, select the desired printer, verify the settings, and click **GO** (Ctrl+G).

5. Review the printed report.

10 Print a Leave Time Report

You will use the Leave Time Report to verify the leave time balances for all employees.

> **Tip! If any of the employee's Leave Time Balances are incorrect, from the Payroll menu select Data Entry > Manual Leave Time Entry to make corrections.**

Do this...

1. Open **Classic Payroll > Reports > Leave Time Report**.

2. The report Date Range will default to the current pay period.

> **Tip! YTD totals will be listed on the current pay period's report. There is no need to change the dates.**

3. Click **Preview** (Ctrl+Q) to preview the report, or click **Print** (Ctrl+P) to print the report.

Anycity Corporation					Leave Time Report by Number					
					Check Issue Date(s): 01/01/YYYY to 12/31/YYYY					
Emp No	Name	PC	PC Title	Rate No	Rate Desc	Hours Beg Bal	Hours Accrued	Hours Used	Hours Remain	Hou Rat
5	Smith, Jacob S	3-00	Vacation	301	Vac	65.60	114.28	20.00	159.88	19.6
		4-00	Sick Leave	401	S L	44.02	12.32	12.00	44.34	19.6
		7-00	Holiday	701	Hol	.00	80.00	.00	80.00	19.6
		9-00	Comp Time	901	Com	23.50	24.00	20.00	27.50	19.6
10	Rockford, Julie M	3-00	Vacation	301	Vac	56.60	49.28	56.00	49.88	14.7
		4-00	Sick Leave	401	S L	45.02	12.32	8.00	49.34	14.7
		7-00	Holiday	701	Hol	.00	80.00	.00	80.00	14.7
		9-00	Comp Time	901	Com	31.24	22.00	7.50	45.74	14.7
15	Morris, Sharon	3-00	Vacation	301	Vac	36.06	36.96	.00	73.02	9.5
		4-00	Sick Leave	401	S L	20.02	12.32	16.00	16.34	9.5
		7-00	Holiday	701	Hol	.00	80.00	.00	80.00	9.5
20	Spencer, Annette	3-00	Vacation	301	Vac	26.06	36.96	.00	63.02	11.5
		4-00	Sick Leave	401	S L	30.27	12.32	20.50	22.09	11.5
		7-00	Holiday	701	Hol	.00	80.00	.00	80.00	11.5
		9-00	Comp Time	901	Com	25.00	22.25	.00	47.25	11.5
25	Johnson, Douglas	3-00	Vacation	301	Vac	52.06	36.96	32.00	57.02	15.6
		4-00	Sick Leave	401	S L	52.02	12.32	8.00	56.34	15.6
		7-00	Holiday	701	Hol	.00	80.00	.00	80.00	15.6
		9-00	Comp Time	901	Com	17.00	25.50	.00	42.50	15.6
30	Austin, George	3-00	Vacation	301	Vac	31.51	36.96	32.00	36.47	13.0
		4-00	Sick Leave	401	S L	58.83	12.32	.00	71.15	13.0
		7-00	Holiday	701	Hol	.00	80.00	.00	80.00	13.0
		9-00	Comp Time	901	Com	16.00	24.25	.00	40.25	13.0
35	Slade, Randy L	3-00	Vacation	301	Vac	45.56	36.96	32.00	50.52	15.8
		4-00	Sick Leave	401	S L	76.02	12.32	40.00	48.34	15.8
		7-00	Holiday	701	Hol	.00	80.00	.00	80.00	15.8
		9-00	Comp Time	901	Com	14.00	25.00	.00	39.00	15.8
40	Roberts, Dale B	3-00	Vacation	301	Vac	15.56	36.96	.00	52.52	13.4
		4-00	Sick Leave	401	S L	31.52	12.32	.00	43.84	13.4
		7-00	Holiday	701	Hol	.00	80.00	.00	80.00	13.4
		9-00	Comp Time	901	Com	14.49	23.25	7.25	30.49	13.4
45	Hobson, Maurice	3-00	Vacation	301	Vac	28.06	36.96	.00	65.02	13.5
		4-00	Sick Leave	401	S L	20.02	12.32	6.00	26.34	13.5
		7-00	Holiday	701	Hol	.00	80.00	.00	80.00	13.5
		9-00	Comp Time	901	Com	5.00	23.50	.00	28.50	13.5

4. From the Printer Form screen, select the desired printer, verify the settings, and click **GO** (Ctrl+G).

5. Review the printed report.

11 Verify carryover limits

Each Leave Time Rate may have carryover limits defined. Carryover limits specify the number of hours that may be carried over from the previous year into the next year at year-end.

You should verify the carryover limits for each leave time rate in use in your organization.

If you want Payroll to adjust excess leave time hours at year-end to match the carryover limit, you will need to:

- Make sure carryover limit adjustments have been set up in the system.

- Run Adjust Carryover Limits.*

Tip! If the last pay period of the year does not include the last day of the month, (for example, a biweekly pay period ending on December 26) you will need to wait to run Adjust Carryover Limits until you run Payroll for the first pay period of the following year.

How to set up Carryover Limit Adjustment?

Follow these instructions to set the number of leave hours an employee is allowed to carry into the new year.

Do this...

1. Open **Classic Payroll > Maintenance > Leave Time Rates**.

2. Select the **Levels** tab to view the **Carryover Limit** for this leave time rate.

- Notice that different levels within this Leave Time Rate may have different limits **Accumulation** and **Carryover Limits**.

- If levels have not been set up, each **Leave Time Rate** will have to be checked individually.

Note: Run this routine in the pay period that includes 12/31.

3. Select the General tab.

4. Click on **Adjust to Carryover At** and select the appropriate carryover option to adjust any excess hours accumulated to the **Carryover Limit**.

   For example, Calendar Year-end, Anniversary Date, or Fiscal Year-end.

How to run Adjust Carryover Limits?

Only perform these steps if *Adjust to Carryover At* is set to *Calendar Year-end*. This routine will reduce the leave time accrued by an employee to match the leave time carryover limit.

Do this...

1. Open **Classic Payroll > Miscellaneous > Leave Rate Options > Adjust Carryover Hours**.

2. Read the notice on the screen.

> **Important! Be sure you have a backup of your Payroll files before proceeding.**

This routine will adjust employee leave time carryover based on the settings for the selected leave time rate(s), as described on the screen.

3. Change the Pay Codes and/or Leave Rates, as necessary for your site.

4. Check the **Adjust Carryover Hours** checkbox.

5. Click **GO** (Ctrl+G).

12 Verify ID numbers

Before preparing the W-2 forms for your employees, you should verify that the correct identification numbers have been defined in the system:

- Federal Employer ID Number
- State Tax ID Number
- Employee Social Security Numbers

First, verify the Federal Employer ID number:

1. Select **Classic Payroll > Maintenance > Federal**.

2. Select the **General** tab.

3. Verify the **Federal Employer ID Number**.

Classic Payroll > Maintenance > Federal

Second, verify the State Tax ID number:

1. Select **Classic Payroll > Maintenance > Pay Code**.

2. Display the State Withholding Pay Code.

3. Select the General 2 tab.

4. Verify the State and State Tax ID Number.

Classic Payroll > Maintenance > Pay Code

Third, verify the Employee Social Security numbers:

1. Select **Maintenance > Employee**.

2. Display the first employee record.

3. Select the **General tab**.

4. Verify the employee's Social Security number (SSN).

Classic Payroll > Maintenance > Employee

5. Repeat steps 4 and 5 for each record.

13 Verify the General Ledger updates have been completed

Next, verify with your GL person that all General Ledger updates for the year have been completed properly. If this is your responsibility, you will need to check each journal to make sure there are no duplicate transactions in any of the pay periods through the month of December.

Do this...

1. Open **Classic General Ledger> Inquiry > Account Inquiry**.

2. Click the **Journal tab.**

General Ledger > Account Inquiry > Journal tab

3. In the Lookup bar, enter the desired journal code (in other words, PC, PB, CDP, or CDPT or the corresponding journal codes used by your site).

4. Verify that no duplications exist in the journal for any pay periods for the entire year being closed.

   Any duplications should have already been caught during GL Bank Reconciliation.

5. Repeat steps 3 and 4 for each of the Payroll journals in use by your site.

14 Review the Subject To and Exempt From status for all pay codes

The Subject To and Exempt From designations are used to identify portions of a pay code that are either subject to certain taxes, or exempt from taxes.

> **Note: Remember deduction type codes marked as Exempt From will reduce the amount of wages listed in Boxes 1, 3, 5, and 16 on the W-2.**

Do this...

1. Open **Classic Payroll > Maintenance > Pay Code**.

2. Display the first pay code.

3. On the **General 1** tab review the **Subject To** or **Exempt From** selections for the pay code.

Maintenance > Pay Code > General 1 tab

> **Reminder: Deduction codes set as Exempt From will reduce the amount of wages listed in boxes 1, 3, 5, and 16 on the W-2.**

4. Repeat step 3 for each pay code in use at your site.

15 Report in Boxes 10-12, and 14

The IRS requires specific information to be reported in Boxes 10, 11, 12, and 14.

Contact your accountant/auditor or the IRS to determine if you have amounts that should be reported in these boxes.

> **Note: Caselle Support Staff are not payroll tax experts. We can help you put your payroll tax information into the appropriate boxes, but we CANNOT help you determine what amounts need to be reported in each box.**

16 Report in Boxes 10, 11, 12, and 14

For amounts that need to be report in boxes 10, 11, 12, or 14, you will need to verify the special pay code flags and check the appropriate boxes in Pay Code Maintenance to place the information for each pay code into the correct box on the W-2.

> **Tip! Your accountant/auditor should advise you on the appropriate code to select for each pay code, as well as any other information that may be required for each pay code.**

How to select W-2 Box 12 Codes

1. Open **Classic Payroll > Maintenance > Pay Code**.

2. Select the **W-2/1099** tab.

3. Select the appropriate code to describe the pay code amount from the **W-2 Code (Box 12)** drop-down list.

4. Repeat step 3 for each pay code in use at your site with Box 12 requirements.

> **Tip! Each of these codes and their descriptions, as shown here, can be found by clicking the What's This? Field Help button, by pointing your cursor on the W-2 Code (Box 12) field and clicking in the field.**

Box 12 Codes List

This is a list of the codes for filling in Box 12 on the W-2 Form. To fill in the Box 12 code, refer to your W-2 Instructions from the IRS or contact your auditor.

A

Uncollected social security or RRTA tax on tips.

B

Uncollected Medicare tax on tips.

C

Taxable cost of group-item life insurance over $50,000.

D

Elective deferrals to a section 401(k) cash or deferred arrangement plan (including a SIMPLE 401(k) arrangement).

E

Elective deferrals under a section 403(b) salary reduction agreement.

F

Elective deferrals under a section 408(k)(6) salary reduction SEP.

G

Elective deferrals and employer contributions (including nonelective deferrals) to a section 457(b) deferred compensation plan.

H

Elective deferrals to a section 50(c)(18)(D) tax-exempt organization plan.

J

Nontaxable sick pay.

K

20% excise tax on excess golden parachute payments.

L

Substantiated employee business expense reimbursements.

M

Uncollected social security or RRTA tax on taxable cost of group-term life insurance over $50,000 (former employees only).

N

Uncollected Medicare tax on taxable cost of group-term life insurance over $50,000 (former employees only).

P

Excludable moving expense reimbursements paid directly to employee.

Q

Nontaxable combat pay.

R

Employer contributions to an Archer MSA.

S

Employee salary reduction contributions under a section 408(p) SIMPLE plan.

T

Adoption benefits.

V

Income from exercise of nonstatutory stock option(s).

W

Employer contributions (including employee contributions through a cafeteria plan) to an employee's health savings account (HSA).

Y

Deferrals under a section 409A nonqualified deferred compensation plan.

Z

Income under section 409A on a nonqualified deferred compensation plan.

AA

Designated ROTH contributions under a section 401(k) plan.

BB

Designated ROTH contributions under a section 403(b) plan.

CC

HIRE exempt wages and tips (2010 only).

DD

Cost of employer-sponsored health coverage.

EE

Designated ROTH contributions under a governmental section 457(b) plan.

How do I complete W-2 Other Desc fields?

1. If your site requires a description for Box 14, you may enter it in the W-2 Other Desc (Box 14) field. In addition, if you are also required to include the Box 14 amount, you will need to check the Include Amounts checkbox.

2. If the pay code is for dependent care, such as a cafeteria plan payroll deduction, check the Dependent Care checkbox.

3. If you are required to print the total amount of distributions to an employee for a non-qualified deferred compensation plan, check the Non-Qualified Plan checkbox.

> **Tip! Box 14 descriptions may include items such as: Contributions to employee pension plans, Union dues, Health insurance premium payroll deductions, Moving expenses, and so on.**

> **Reminder: If you have any questions about the information required on your W-2 forms, consult your accountant/auditor for the specific information required for your site.**

17 Review Employee maintenance

The next step is to review the W-2 setup and Subject To options selected for each employee. This includes

- Subject To boxes for Social Security, Medicare, etc. on the Wages Info tab
- Statutary, Retirement Plan, and Third Party Sick Pay boxes on the Job Info tab

> **Tip! If you have questions about the W-2 setup and Subject To options that should be used for your site, consult with your accountant/auditor.**

Classic Payroll > Maintenance > Employee > Job Info tab

Do this...

1. Open **Classic Payroll > Maintenance > Employee**.

2. Display the first employee record.

3. On the **Job Info tab**, review the W-2 setup selections for the employee.

4. On the **Wage Info tab**, verify the **Subject To** options selected for the employee.

5. Repeat steps 3–4 for **each** employee.

18 Run Employee Checkout again

After you have performed all of the previous steps, run Checkout again. Verify that there are no errors.

> **Important!** If there are any errors to the Checkout report, contact Customer Service for assistance.

Do this...

1. Open **Classic Payroll > Miscellaneous > Checkout**.

2. Run Checkout for **ALL** employees.

3. Verify the **Beginning Date** and **Ending Date**. These should default to the year being closed in order to scan and check the entire year's data.

> **Important!** If these dates are incorrect, DO NOT change them. Call customer service to address the issue.

4. Click **GO** (Ctrl+G).

19 Perform a back up of the current year's payroll files

Before proceeding, perform a backup of the current year payroll files.

> **Tip! It is a practical idea to have a backup strategy in place to prevent accidental data loss. Back-ups may be performed on the schedule that best suits the needs of your site. Storage options may include tape, Zip, or Jazz drives, CD-ROM, etc. For more information on the backup strategy in place at your site, consult with your local IS/IT staff.**

How to back up the Payroll database?

> **Important! These instructions will help you make a temporary copy of your database information. Your IT/IS staff can assist you in making permanent backups.**
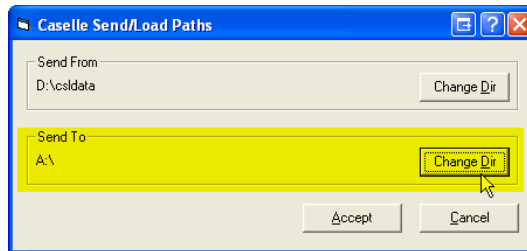
Part I: Set the Send/Load Paths

1. From the **Caselle Applications menu, select System Management > Caselle Data Exchange**.

2. From the dialog box that is displayed, click the **Send** button in the Databases area.
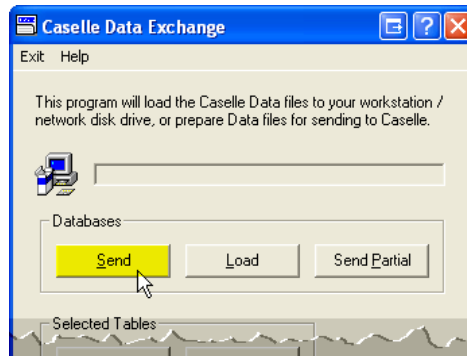
*Classic System Management > Caselle Data Exchange > Send button*

3. Another dialog box will appear, allowing you to identify the **Send From** and **Send To** paths.

Classic System Management > Caselle Data Exchange > Sent From/To Paths

a) Do not change the **Send From** path.

b) Look at the Send To path. If you want to save the backup to a disk, leave the Send To path as it is. If you want to save the backup to another location (such as on your network for future transfer to CD-ROM, etc.), click the Change Dir button in the Send To area and identify the new location in the dialog that appears.
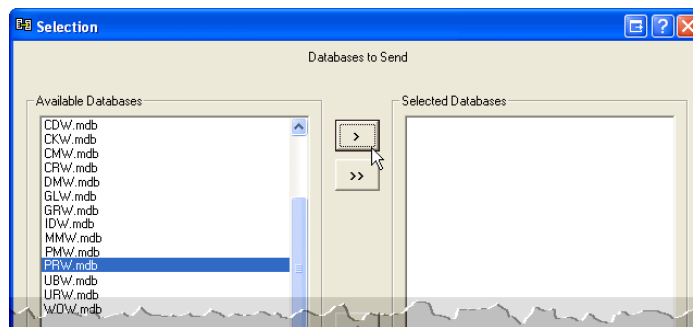
Selection form > Available Databases list

5. From the Selection form that appears, select the **PRW.MDB** database from the list of **Available Databases** in the left-hand column and click the **Move** button.
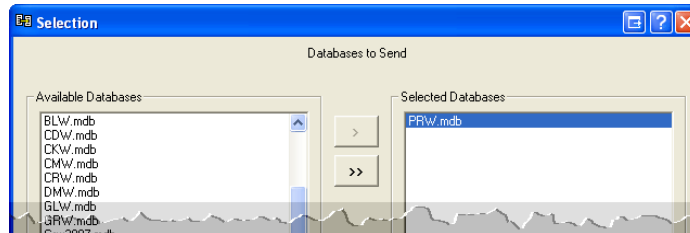
Selection form > Selected Databases list

6. Verify that the **PRW.MDB** database has been moved into the **Selected Databases** list in the right-hand column.

7. Click **Accept** to continue.

20 Select the W-2 and 1099 application

This step contains several tasks, which must be completed in order:

A. Run Convert from Payroll

B. Check the conversion printout and match the totals

C. Verify Control table W-2/1099 information

D. Run W-2 Checkout

E. Print the W-2s (and 1099s, if applicable) as soon as possible

> **Important!** If you find errors in the sample W-2s, you will need to make corrections in Payroll, then go back to Step 18 and repeat all parts of steps 18-20 until the sample W-2s are correct.

> **Tip!** When you complete these tasks, the W-2s will be ready for printing. If the actual W-2s will not be printed at this time, they should be printed as soon after performing the year-end steps as possible. You may wish to schedule the print job for a time when printer traffic is low.

20 A: Run Convert from Payroll

> **Tip!** When you open this application, you may see a series of dialog boxes asking if you want to create and/or update the Government Reporting (GRW) database. Click Yes on each of the dialog boxes to continue, and then click OK when the database has been created/updated.

Do this...

1. Open **Classic Payroll > W-2 & 1099**. This will open the Caselle Government Reporting application.

2. From the Government Reporting W-2 & 1099 Main Menu, select **Miscellaneous > Convert from Payroll**.

3. Verify that the year displayed **20YY** is the year you wish to convert and click **GO** (Ctrl+G).

4. Click the **Preview** button (Ctrl+Q) to preview the report, or the **Print** button (Ctrl+P) to print the report.

5. From the Printer Form screen, select the desired printer,verify the settings, and click **GO** (Ctrl+G).

20 B: Check the conversion printout and match the totals

Compare the totals for each employee with those on the Payroll Summary.

20 C: Verify Control table W-2/1099 information

Review the data that was converted from the Payroll application. Use the W-2 and 1099 table in Maintenance to review each record.

Verifying converted W-2 information

1. Open **Classic Government Reporting W-2 & 1099 Main Menu > Maintenance > W-2 Employee**.

2. Review each employee record carefully to ensure the converted data is accurate.

W-2 Employee Maintenance

Verifying converted 1099 information

3. If you have 1099 employees, open **Classic Government Reporting W-2 & 1099 Main Menu > Maintenance > 1099 Recipient**.

4. Review each 1099 Recipient record carefully to ensure the converted data is accurate.

1099 Recipient Maintenance

20 D: Run W-2 Checkout

> **Tip! When you run W-2 & 1099 Checkout, the system checks itself for errors. If the system finds no errors, the note No W-2 Errors Found will be printed in the lower left-hand corner of the report.**

> **Tip! If there are employees at your site with more than one employee number, and who are receiving multiple W-2s, you may wish to provide them with a single W-2. (Note: If a warning was displayed during Step 20A - Convert from Payroll that there are more pay codes marked for any one box than will fit on a single W-2 for this employee, you will not be able to combine the W-2s.) For instructions on combining multiple W-2s, click the link below. If this does not apply to your site, continue to Step 20E.**

How do I run Checkout

1. Open **Classic Government Reporting W-2 & 1099 Main Menu > Miscellaneous > Checkout**.

2. Set up Checkout for **ALL** Employee Numbers and **ALL** Account Numbers.

3. Mark all checkboxes.

4. Click **GO** (Ctrl+G).

5. Click the **Preview** button (Ctrl+Q) to preview the report, or the **Print** button (Ctrl+P)

to print the report.

6. From the Printer Form screen, select the desired printer, verify the settings, and click **GO** (Ctrl+G).

7. Review the report for accuracy.

How do I combine multiple W-2s

1. From the W-2 Conversion Report (created in Step 20 A) find all employee numbers for this employee.

2. Manually combine the totals for each W-2 field for this employee, and make a note of the new totals on the W-2 Conversion Report.

3. From the **Government Reporting W-2 & 1099 Main Menu**, select **Maintenance > W-2 Employee**.

4. When prompted, specify the employee number and year for which you wish to view this employee's record (2010).

5. Display the employee record you wish to keep for this employee.

6. On the **Wage Info** and **Wage Info 2 Tabs**, type the new totals into each of the W-2 fields.

7. Display the employee record you wish to discard for this employee.

8. Click the **Delete** button (Ctrl+D) to delete this record.

> **Important!** If there are errors in the sample W-2s, you will need to correct the information in the Payroll application. Then, repeat Steps 18–20.

20 E: Print the W-2s (and 1099s) as soon as possible

You can print the W-2s and 1099s (if applicable) now, or you can wait until later. You should print the W-2s and 1099s as soon as you complete the Payroll Year-end Checklist. If you need to print 1099s, use these instructions and substitute *1099* for *W-2*.

E1: Print sample W-2s to scratch paper

E2: Review and verify the items in each box of the W-2 Form

E3: If corrections to amounts are required, enter corrections in the Payroll system

E4: Repeat Steps A through E3 until sample W-2s are correct

E5: Print the actual W-2 Forms

E1: Print sample W-2s to scratch paper

Print the W-2 information to scratch paper to make sure the W-2 information prints the correct information in the right location on the form.

Do this…

1. Open **Classic Government Reporting W-2 & 1099 Main Menu > Reports > Form W-2**.

2. Select the desired form style from the **Report Title** drop-down list.

3. Load **scratch paper** in the printer.

4. Click the **Print** button (Ctrl+P).

E2: Review and verify the items in each box of the W-2 Form

Review the sample W-2s. Check to make sure the information prints in the right location on the W-2 Form. You can place the W-2 Form behind the W-2 that is printed on scratch paper and hold it up to the light to see if the W-2 information is printing in the correct position.

> **Tip! If you need to adjust your printer settings, call Customer support for assistance.**

You will also want to check the printed information on each W-2 to make sure the printed information is correct.

E3: If corrections to amounts are required, enter corrections in the Payroll system

> **Important! If you find errors in the sample W-2s, you will need to make corrections in Payroll, then go back to Step 18 and repeat all parts of Steps 18-20 until the sample W-2s are correct.**

E4: Repeat Steps 20 A through 20 E3 until sample W-2s are correct

You want the sample W-2s to print the right W-2 information in the correct location before you print the actual W-2 Forms.

E5: Print the actual W-2 Forms

If you will print the W-2 Forms now, complete this step. If you want to wait until later to print the W-2 Forms, skip to **Step 22: When the W-2 Conversion is Complete…**

Tip! If the actual W-2s will not be printed at this time, they should be printed as soon after performing the year-end steps as possible.

Do this...

1. Open **Classic Government Reporting W-2 & 1099 Main Menu > Reports > Form W-2**.

2. Select the desired form style from the **Report Title** drop-down list.

3. Load **W-2 Forms** in the printer.

Important! Load the W-2 Forms in the printer. Make sure other print jobs will not interrupt printing the W-2 Forms.

4. Click the **Print** button (Ctrl+P).

Important! If you find errors in the sample W-2s, you will need to make corrections in Payroll, then go back to Step 18 and repeat all parts of Steps 18-20 until the sample W-2s are correct.

21 If you report on magnetic media...

There are two factors that determine whether to report using magnetic media. First, organizations that have 250 or more employees must report using magnetic media. Second, if the organization has less than 250 employees, you can still choose to report using magnetic media but it is not required.

Do I need to report on magnetic media?

- If there are fewer than 250 employees at your site, you should submit your W-2 information according to the instructions that have been provided to you by the IRS. You do not need to report on magnetic media, continue to **Step 22: When the W-2 Conversion is Complete...**

- If there are more than 250 employees at your site, you may be required to submit your W-2 information using Electronic W2/1099. Complete this section to create the magnetic media file.

> **Tip! If you need to submit W-2 information using Electronic W2/1099, and the Miscellaneous > Create Electronic W2/1099 W-2 File option is not active at your site, you will need to contact Caselle Sales to purchase this module.**

Create Electronic W-2/1099 File

1. Open **Classic Payroll > Miscellaneous > Create Electronic W-2/1099 File**.

2. Fill in the fields on the form.

3. Click **GO** (Ctrl+G).

22 When the W-2 conversion is complete, exit...

When the W-2 conversion is complete, click the GREEN ARROW in the upper left corner to leave the W-2 & 1099 Application and return to the Caselle main menu or click on Applications > Payroll to return to the Payroll Main Menu.

23 Be sure all current-year payroll reports and updates...

Important!

Be sure ALL current year payroll reports and updates to the General Ledger have been completed BEFORE proceeding to the next step.

24 Perform Year-end Closing

Once you have completed the previous steps, performing the Year-end Closing is simple.

Do this...

1. Open **Classic Payroll > Miscellaneous > Year-end Closing**.

2. Verify the new Current Year listed on the screen. The year-end closing will close out the previous year, and reset the system to the new current year.

> **Important!** If your system does not display the correct year (20YY), contact Customer support.

3. Click **GO** (Ctrl+G).

   When the Year-end Closing is complete, a dialog box will appear.

4, Click **OK** to close this dialog.

Final Steps

Running the Year-end Closing is the last "official" step in the Year-end Closing Checklist. If you haven't already printed the actual W-2s, you should print them as soon as possible after completing the Year-end Checklist.

The next steps will help you get Payroll ready for the new year.

25 Enter changes for the new Federal and State tax rates

In this step, you will enter the Federal and (if applicable) State tax rates for the new year.

> **Tip! Not all states have State Withholding Tax Rates. For those that do, modifications to rates and notification of changes to employers may be handled differently by each state. For more information about your state's withholding tax rates, and any changes that may have been made for the new year, you will need to contact the appropriate state agency (i.e., the State Tax Commission for your state, etc.).**

How do I load new Federal Tax rates?

Enter the new Federal Social Security rate and the Federal withholding tax rates for the new year.

Part I: Enter the New Federal Social Security Rates

1. Open **Classic Payroll > Maintenance > Pay Code**.

2. Select the **Social Security pay code** in use at your site.

Classic Payroll > Maintenance > Pay Code > Lookup bar

3. On the General 2 tab, enter the **Maximum Wage Limit** for 2014.

Classic Payroll > Maintenance > General 2 tab > Maximum Wage Limit field

4. On the **Pay Periods tab**, verify the Social Security Rate in **Pay Check** and **Benefits**.

> **Important!** The Social Security Rate may change. Caselle will post changes to the Social Security Rate on CIMS as soon as the new percentages are available.

Classic Payroll > Maintenance > Pay Code > Pay Periods tab > Pay Check Amt–Rate–%

Classic Payroll > Maintenance > Pay Code > Pay Periods tab > Benefits Amt–Rate–%

Note: The Federal tax rates shown on these sample illustrations come from IRS Publication 15 - Circular E, Employer's Tax Guide. If you do not have a copy of this publication, you may wish to request one from the IRS for your records.

Part II: Enter the new Federal Withholding Tax Rates

1. Open **Classic Payroll > Maintenance > Federal**.

2. On the **General tab**, enter the **FWT Exemption Amount** for **2014**.

Where can I find the Maximim Wage Limit and Social Security Rate Percentage for Employees and Employers? Check the IRS.GOV website.
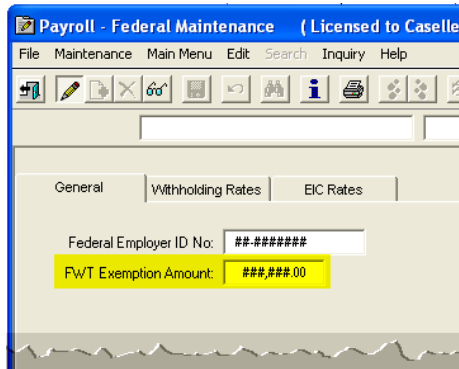
Classic Payroll > Maintenance > Federal > General tab

3. On the **Withholding Rates tab**, select **Single** as the **Marital Status**.
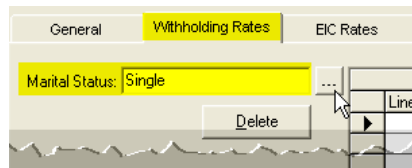
Classic Payroll > Maintenance > Federal > Withholding Rates tab > Marital Status

4. Enter the new Federal Withholding Rates table information for the Single status.

Classic Payroll > Maintenance > Federal > Withholding Rates tab > Withholding Rates table

5. Now, select **Married** as the **Marital Status**.
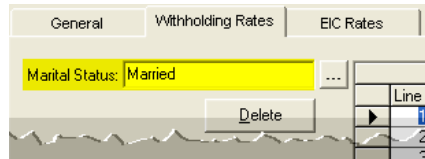
Classic Payroll > Maintenance > Federal > Withholding Rates tab > Marital Status

6. Enter the Federal Withholding Rates table information for the Married status.

Classic Payroll > Maintenance > Federal > Withholding Rates tab > Withholding Rates table

Part III: Enter the new Federal Earned Income Credit (EIC) Rates

Earned Income Credit (EIC) was discontinued after December 21, 2010.

How do I load new State Tax rates?

> Tip! Not all states have State Withholding Tax Rates. For those that do, modifications to rates and notification of changes to employers may be handled differently by each state. For more information about your state's withholding tax rates, and any changes that may have been made for the new year, you will need to contact the appropriate state agency (i.e., the State Tax Commission for your state, etc.).

Do this…

1. If your state has a State Withholding Exemption rate, select **Caselle Payroll > Maintenance > State**.

2. Enter the 2-character abbreviation for your state in the **State Code** search field, and press **Enter**.
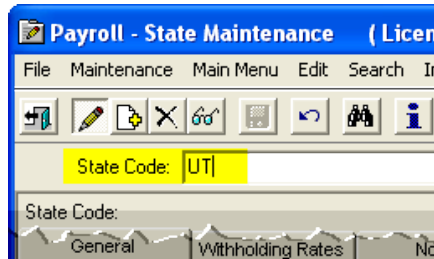
Classic Payroll > Maintenance > State > State Code search field

3. On the **Withholding Rates tab**, select a **Marital Status** and review the tax rate information on this page for the new year.

> Note: The withholding rates shown on these sample illustrations are for the State of Utah. Enter the appropriate state abbreviation and withholding rates for your state.

Classic Payroll > Maintenance > State > Withholding Rates tab > Marrital Status field, Exemption Amount field

Classic Payroll > Maintenance > State > Withholding Rates tab > Withholding Rates table

4. Repeat step 3 for each **Marital Status**.

5. Next, select **Classic Payroll > Maintenance > Pay Code**.

6. On the **General 2 tab**, enter any wage limit changes that may apply to your site (i.e., SUTA, Social Security, etc.) for the new tax year.

26 Print a new Prelist

The Prelist is used to gather information from employee timesheets to prepare it for being entered into Payroll. If you use the Pre-List at your site, you may find it helpful to print a new Prelist at this time.

> **Tip! If you also use Caselle's Timekeeping application at your site, the employee hours are auto-matically transferred to the Payroll application, and you do not need to print the Payroll Prelist.**

How do I print a Prelist?

1. Open **Classic Payroll > Reports > Payroll Prelist**.

2. Click the **Preview** button (Ctrl+Q) to preview the report, or the **Print** button (Ctrl+P) to print the report.

   A dialog box will be displayed, asking you to set the report values.

3. Click **Accept** to accept the default values.

4. From the Printer Form screen, select the desired printer, verify the settings, and click **GO** (Ctrl+G).

27 Enter the payroll for the new year

You have completed the Payroll Year-end Closing. The Payroll system is now ready for you to enter payroll for the new year.

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