Checklist: Year-End Close

After wrapping up the last payroll cycle of a calendar or fiscal year, follow these steps to prepare **FBWin Payroll** for the coming year. These steps include printing year-end reports, updating tax rates and tables and purging unnecessary records. The Windows version of **Payroll** has a program dedicated to year-end closes.

Note: Steps on this checklist labeled "fiscal year-end only" only apply to users closing fiscal years, or users closing *both* a calendar and fiscal year at the same time. Likewise, steps labeled "calendar year-end only" only apply to users closing a calendar year, or *both* a calendar and fiscal year. Any unlabeled steps apply to both calendar and fiscal year closes.

Print this topic. Place a check in the box next to each step after completing it. Complete each step before proceeding to the next. Skip steps only if the programs involved are optional and are not to be used by your organization. Steps involving optional programs are labeled as such on this checklist. Fields of particular importance are noted.

- ☐ ***Fiscal year-end only:*** ***Important!!! Run the Calculate Pension Interest program from the Process Menu prior to closing Fiscal Year.***
- ☐ ***Fiscal year-end only:*** Print the *FYTD Earnings by Fund* report from the **Report Menu**.
- ☐ Run a backup of system data using the **Administration**/*Backup Database* program. Click here for details on doing backups. It is *extremely* important that a backup be performed prior to running **Process**/*Year-End Close*. Label the backup appropriately: "PA Backup Prior to (year) Year-end, (date)." Do *not* overwrite this backup; keep it on file in a safe place. Users whose calendar and fiscal years differ should note either "calendar" or "fiscal" on the label for this backup.
- ☐ Run *Year-End Close*. If this is the end of a calendar year, select the "Calendar Year" field. For fiscal year-ends, select "Fiscal Year." If this is the end of both the calendar and fiscal years, select *both* the "Calendar Year" and "Fiscal Year" fields. *Year-End Close* also shifts the current year's information in the **Setup**/*Employee YTD Information* program into the tables for the previous year (replacing the previous year's data). The current year tables are now ready to accumulate the new calendar or fiscal year's data.
- ☐ Run a backup of system data. Label the backup appropriately: "PA Backup After (year) Year-end, (date)." Do *not* overwrite this backup; keep it on file in a safe place. Click here for guidelines on backing up. Again, users whose calendar and fiscal years differ should note either "calendar" or "fiscal" on the label for this backup.
- ☐ ***Calendar year-end only:*** Open the **Setup**/*Options* program. Review the "Weekly Pays This Year," "Bi-weekly Pays This Year" and "Hours This Year" fields. Make any necessary changes to these figures for the new year.
- ☐ ***Calendar year-end only:*** Open the **Setup**/*Taxes* program. Review the following.
  - ☐ "Special Tax Rate": For federal taxes, find this rate in the current year's *Circular E, Employer's Tax Guide*. If state or local taxes were assigned special tax rates, refer to the appropriate state or local publications or consult an auditor.
  - ☐ "SS/MC %" and "SS/MC Max. Gross": Find these figures in the current year's *Circular E*.
  - ☐ "Standard Deductions" tabbed page: This page is for local and state taxes, as applicable. Refer to the appropriate state or local publications, or consult an auditor, for this information.
  - ☐ "Exemptions/Credits" tabbed page: This page is for local and state taxes, as applicable. Refer to the appropriate state or local publications, or consult an auditor, for this information. In addition to the fields on this tabbed page, users may need to review the tables accessed from it: the "Table Based Exemptions" and "Table Based Credits" pop-up windows.
  - ☐ "Single" and "Married" tabbed pages: For federal taxes, find these tables in the current year's *Circular E*. For state or local taxes with single and married tables, refer to the appropriate state or local publications or consult an auditor.
  - ☐ "Head of Household" tabbed page: California users should review this table. Other users may disregard it. Refer to the appropriate state publications or consult an auditor.

- Open the **Setup**/*Employee YTD Information* program. Verify that each employee's to-date totals are correct. For calendar year closes, if **FBWin Payroll** was installed at the beginning of a calendar year, or if *Employee YTD Information* was entered and verified in the last step of the "Checklist: Setup Menu" topic, skip this step.
- ***Calendar year-end only:*** Do a preview run of *Print W-2s*. Review them for accuracy by comparing them to the **Report**/**History Reports**/*Earnings History Report*, run with the first and last days of the year as the from and to dates. (Refer to the "W-2 Tips" topic for more information on ensuring the accuracy of W-2 statements.) After verifying the accuracy of W-2s, load the appropriate blank forms in the printer, and then print the actual W-2s.
- ***Calendar year-end only:*** Do a preview run of *Print 1099-Rs*, if applicable. This step only applies to employers who paid retirement benefits to workers during the year being closed. Other users may skip it. Check the 1099-R preview for accuracy. Load the appropriate blank forms in the printer, and then print the actual 1099-Rs. This program only generates a 1099-R statement for employees with an employment type of "RE," for "Retired." Verify, in the **Setup**/*Employee Master* program, that all employees who should receive 1099-Rs are of this type before running *Print 1099-Rs*.
- ***Calendar year-end only:*** Do a preview run of *Print 1099-MISCs*, if applicable. This step only applies to employers that have paid workers 1099 income during the year being closed. Other users may skip it. Check the 1099-MISC preview for accuracy. Load the appropriate blank forms in the printer, and then print the actual 1099-MISCs. This program only generates 1099-R statements for workers with an employment type of "99," for "1099 Employee." Verify, in the **Setup**/*Employee Master* program, that all workers who should receive 1099-MISCs are of this type before running *Print 1099-MISCs*.
- Run all reports necessary to document the previous year. The exact reports employers need to run varies with the needs of individual employers. We recommend the following:
  - *Quarterly Federal Tax Summary* with the "4th Quarter" and "Previous Year" options selected.
  - *MTD/QTD/YTD Reports*, run for both costs and deductions, with "Calendar YTD" chosen in the "Select Output" field, and "Previous Year" selected.
  - *Earnings History Report* with the first and last days of the closed year selected in the "From Date" and "To Date" fields.
  - *Leave Hours Report*.
  - Any state-specific reports that should be run at the end of a month, quarter or year.
  - *Withholding Report* with the first and last days of the closed year selected in the "From Date" and "To Date" fields.
  - *Employee Benefits Statement*, with "Year to Date Values" selected, and "Previous Calendar Year to Date" chosen in the "Time Periods" field.
  - *Retirement Report* with the first and last days of the closed year selected in the "From Date" and "To Date" fields.
  - Any other reports required by the employer's auditor.
- ***Calendar year-end only:*** Make any necessary changes to **Setup**/*Deductions* and *Employer Costs* screens. This might include changing deduction amounts, or contribution amounts for costs.
- Review employee records in the **Setup**/*Employee Master* program. Make changes, such as adding lines of distribution, assigning deductions, giving raises, *etc.*, in preparation for the new year.
- ***Optional:*** Use the programs under the **Purge Programs Submenu** to clear out old system data. While this is optional, it is recommended. Old unused data can slow system operation. Do not run the *Purge Terminated Employees* program on any employees (because they were terminated, or for any other reason) before printing the appropriate W-2 or 1099 statements. Refer to the "Deleting an Employee Record" topic for more details on removing employee records after a year-end close.

When the above steps are complete, the calendar year is closed. Since this is a once-a-year process, it's a good idea to refer to this checklist for each calendar year-end close to ensure that all steps are completed in their proper order.

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