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MEMORANDUM

TO: All Agencies
ATTN: Payroll and Personnel Sections

FROM: D. Clark Partridge
State Comptroller

SUBJECT: 2003 Calendar Year-End-Payroll

DATE: November 24, 2003

It is time to once again address the end of the calendar year. Therefore, in an effort to help you plan and inform your employees, we are providing the following schedule of events that will impact actions pending in payroll and personnel offices. With the implementation of the new HRIS HR/Payroll System scheduled for December 29, 2003, it will be very important to have representation from your Agency at the Calendar Year End Meeting. Representatives from the HRIS conversion team will be in attendance to provide the information needed for the transition. Please review these events with your appropriate personnel and share the information with those that need to know.

Final pay for 2003

Pay warrants dated December 24 for payday of December 26, 2003, will be the final payroll for 2003.

Employees terminating in December but not receiving their final pay until January must not be terminated on the master file until after the final payment is processed into HRIS in 2004.

FICA (Old Age Benefit) Deduction

Effective January 1, 2004, the employee and employer portion of FICA will be 6.2% of the first \$87,900 with a maximum contribution of \$5,449.80. Although the percentage of withholding is the same, the dollar ceiling and maximum contributions have increased over the previous year.

Medicare Deduction

Effective January 1, 2004, the employee and employer portion of MEDICARE will be 1.45% of all applicable wages earned. This reflects no change over the previous year.

2003 W-2s

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The 2003 W-2s will be laser-printed with four copies for each employee on a perforated sheet of 8 ½ " x 11" paper, as was the case last year. The W-2s can be folded in half and inserted in a special envelope for mailing. If your agency is interested in ordering the matching envelopes, a state contract #AD010083-002 has been awarded. The vendor is Mail-Well, contact person is Hector Rubalcava and he can be reached at the following numbers, (602) 272-2691, 1-800-274-7409, fax (602) 233-9162.

SECC

The new campaign contributions will start in HRIS on the payday of January 9, 2004.

Canceled Warrants/Overpays

Pay warrants to be canceled or "OVERPAYS" to be processed for calendar year 2003 must be returned to the General Accounting Office/Payroll by 10:00AM, Monday, January 5, 2004, to be included in the 2003 W-2s. Warrants received after that day and time might not be reflected on the 2003 W-2s since the final update year-end file will be completed.

New W-4s and W-5s

A W-4, which indicated an employee, is "EXEMPT" from paying Federal Income Taxes must be re-filed by February 16, 2004. A report will be sent on December 10, 2003, listing those agency employees who may be impacted by this requirement. A 2003 W-5 "Advanced Earned Income Credit" (EIC) expires on December 31, 2003 and must be re-filed for the calendar year 2004.

Shut-Down of the HRMS System

The HRMS System will no longer be available for input after December 19, 2003. For HRIS conversion purposes, HRMS will be available on a 24/7 basis, on an inquiry basis only, starting December 20, 2003.

Calendar Year-end Master File

The 2003 calendar year-end master file will be finalized on the evening of Friday, December 19, 2003, and will be used to create the 2003 W-2s.

Special Processing of the Compute of December 19, 2003

The HRMS system will be available until 7:00 P.M. for final update purposes. This final compute will include handwrites from December 15 thru December 19, 2003.

Direct Deposits

New Direct Deposit starts will no longer be accepted by GAO Central Payroll after the compute of the payday of November 28, 2003.

Receipt of new Direct Deposit starts after this date are to be held by the applicable agency until input into HRIS after December 29, 2003.

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DP40's

The last day for processing DP 40's in HRMS will be December 12, 2003.

Handwrites

Handwrites issued between December 22, thru December 26, 2003, will be processed in the HRMS for calendar year 2003 master file.

Beginning December 29, 2003, all handwrites issued will be processed using HRIS and will be included in calendar year year 2004.

Leave Roll Back

A reminder, the October 20, 2003, personnel memo stated that warrants for payday of January 9, 2004, will reflect the applicable leave rollback.

Revised Federal Withholding Tax Tables

Federal Income Tax Withholding Tables for 2004 will be distributed in December.

Reminder: If there is a change in the Federal Income Tax tables, there will be corresponding changes in the amount of State Income Tax withheld.

Attached for your information and use are copies of the calendar depicting the compute, build, period end, etc. Additionally, attached is the pay period definition schedule, which should provide assistance in responding to questions from employees.

If you have any questions regarding the information contained in this memorandum, please contact either Kjell Anderson at 542-1674 or Ken Smart at 542-0370.

DGP:ka

Attachment

cc: Chief Financial Officers