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**MEMORANDUM**

**TO:** All Agencies  
ATTN: Payroll and Personnel Sections

**FROM:** D. Clark Partridge  
State Comptroller

**SUBJECT:** 2002 Calendar Year-End-Payroll

**DATE:** December 3, 2002

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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. Please review these events with your appropriate personnel and share the information with those that need to know.

Final pay for 2002

Pay warrants dated December 26 for payday of December 27, 2002, will be the final payroll for 2002.

Employees terminating in December but not receiving their final pay until January must not be terminated on the master file until after January 8, 2003, or until after the final payment is processed into HRMS in 2003.

FICA (Old Age Benefit) Deduction

Effective January 1, 2003, the employee and employer portion of FICA will be 6.2% of the first \$87,000 with a maximum contribution of \$5,394.00. 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, 2003, the employee and employer portion of MEDICARE will be 1.45% of all applicable wages earned. This reflects no change over the previous year.

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#### 2002 W-2s

The 2002 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 on payday of January 10, 2003.

#### Canceled Warrants/Overpays

Pay warrants to be canceled or "OVERPAYS" to be processed for calendar year 2002 must be returned to the General Accounting Office/Payroll by 10:00AM, Monday, January 6, 2003, to be included in the 2002 W-2s. Warrants received after that day and time may not be reflected on the 2002 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 and a W-5 "Advanced Earned Income Credit" must be re-filed by January 31, 2003. A report will be sent on December 11, 2002, listing those agency employees who may be impacted by this requirement.

#### Shut-Down of the HRMS System

The HRMS System will not be available for input on December 25, 2002, and January 1, 2003, due to the holidays.

#### Calendar Year-end Master File

The 2002 calendar year-end master file will be finalized on the evening of Friday, December 27, 2002, and will be used to create the 2002 W-2s.

#### Handwrites

Handwrites issued through December 27, 2002, will be posted to the 2002 calendar year master file.

#### Non-Personnel System "A" and Leave Roll Back

Any Non-Personnel System "A" agency wishing to be excluded from the annual leave roll-back routine must submit a written request to the State Comptroller by December 13, 2002.

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A reminder, the October 1, 2002, personnel memo stated that warrants for payday of January 10, 2003, will reflect the applicable leave rollback.

Revised Federal Withholding Tax Tables

Federal Income Tax Withholding Tables for 2003 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.

DCP:ka

Attachment

cc: Chief Financial Officers