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PAYROLL ACCOUNTING SETUP INTRODUCTION

In *WinCap*, the client has the choice to define the accounting entries produced during the automated payroll posting routine.

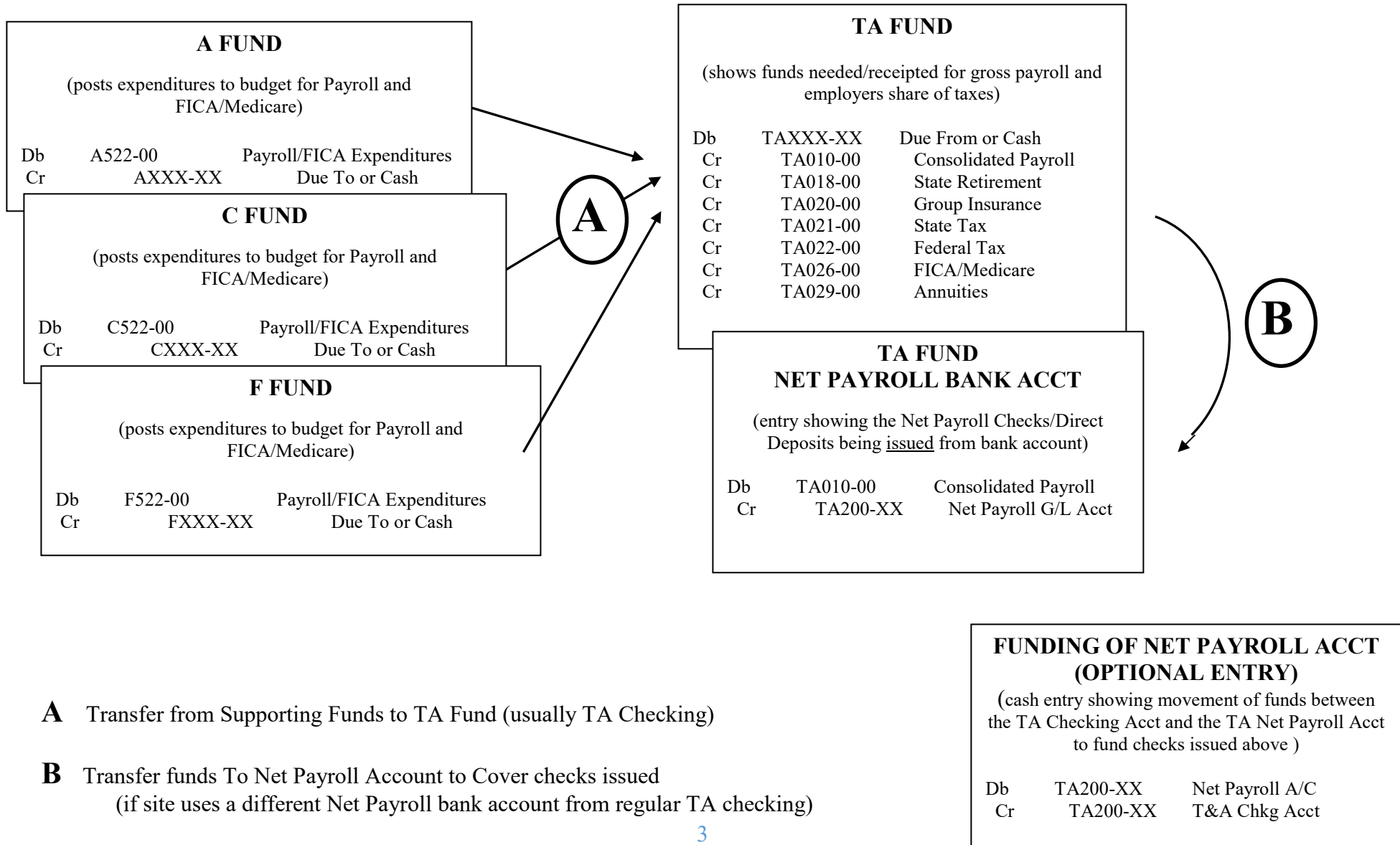
The choices allowed pertain to the use of Cash Accounts vs. Due To/From accounts in the entries between the General Fund, School Lunch Fund, and Federal Fund (supporting funds) and the Trust & Agency Fund. (In some cases, the Capital Fund is also used) Since WinCap, posts entries immediately to the Cash Disbursements journal (there is no batch posting involved), a separate definition may be used to control the issuance of demand checks and voids

After you have reviewed the accompanying documentation, please reread these important points. These reminders will assist you in defining the payroll accounting setup and assist you in the Bank Reconciliation process.

- 1) Posting directly to Cash requires the site to use a banking transfer or wire method for moving the money between the supporting funds and the Trust & Agency. If the site is moving money by issuing Accounts Payable Checks and then depositing these checks into the Trust & Agency, then this option should not be chosen. The A/P Check and Cash Receipt will create a cash entry when processed. This will duplicate a portion of the cash entry above.
- 2) Posting directly to cash requires the site to coordinate the movement of money to match the entry that was created. If the funds moved do not equal the entry created, a Bank Reconciliation item will result.
- 3) If you choose to post the Demand Posting to cash, you must move the money immediately. Choosing this method will create a cash entry on the check date. If you do not move the money on that date, a bank reconciliation will occur if it crosses months. (Example: Issue a demand check dated 12/21/2006 and place it in the Open Pay Period Dated: 1/5/2007. A Bank Reconciliation item will occur. If you do not physically move the money by 12/31/2006, you will have a cash entry hitting in December that did not occur.)
- 4) Posting to Due To/From will require you (after you have moved the money) to do an entry to relieve the Due To/Froms and post to cash. This entry can be done through the A/P process (if moving by check or wire) or through a recurring Journal Entry.

FLOWCHART OF TRANSFERS AND ENTRIES CREATED

(Variations will occur depending on number of checking accounts used in the TA Fund)



EXAMPLE #1 - POSTING TO DUE TO/FROM ACCOUNTS

In this example, when the “post payroll” option is selected during payroll processing, the following cash disbursement entries will be automatically created. FICA and Medicare Entries post from similar options defined in the Benefit Table.

Fund	G/L Acct	Demand b/f Posting	Offset Fund	Offset G/L Db	Offset Demand Db	Offset G/L Cr
A	630.02	630.02	TA	391.00	391.00	010.00
C	630.01	630.01	TA	391.00	391.00	010.00
F	630.01	630.01	TA	391.00	391.00	010.00

For Funds A, C, and/or F: An entry for the gross amount of the payroll and employer share of the FICA/Med is created in each fund, with the offset of Due To – Trust & Agency as specified

522.00 Exp (Salary Budget Codes)	\$Gross Payroll
630.02 Due To – Trust & Agency	(\$Gross Payroll)
522.00 Expenditure (Emplr. FICA)	\$Employer Portion
630.02 Due To – Trust & Agency	(\$Employer Portion)
522.00 Expenditure (Emplr. Medicare)	\$Employer Portion
630.02 Due To – Trust & Agency	(\$Employer Portion)

For Trust & Agency: An entry crediting the net payroll and all deductions and debiting the designated cash account is created. An additional entry showing the issuance of the net payroll checks/direct deposits is also created.

TA391-00 Due From	\$Gross Payroll/Emplr FICA/Med
TA010-00 Consolidated Payroll	(\$Net Payroll)
TA018-00 State Retirement	(\$Gross Deduction)
TA020-00 Insurances	(\$Gross Deduction)
Etc.	
TA010.00 Consolidated Payroll	\$Net Payroll
TA200.XX Cash-Net Payroll	(\$Net Payroll)

After the physical bank transfers are made, the following entry should be entered manually to clear the Due To – Due From Balances. Depending on the transfer method, this can be done via journal entry, or A/P check/Cash Receipt.

For Funds A, C, and/or F:

630.02 Due To – Trust & Agency	\$GrossPay/Emplr. FICA/Medicare
200.XX Cash	(\$Gross Pay/Emplr. FICA/Medicare)

For Trust & Agency: Depending upon site operating procedures, multiple cash accounts may be used and the entry would be adjusted accordingly.

TA200.XX Cash (T&A cash acct)	\$Gross Deductions
TA200.XX Cash (Net Payroll Account)	\$Net Payroll
TA391.00 Due From – (represents all Funds)	(\$Gross Pay/Emplr. FICA/Medicare)

Demand Before Posting

In this set-up scenario, when a payroll check is issued on demand, the entries resulting in the supporting fund and the T&A Fund will use the Due To 630 and Due From 391 offset accounts respectively. Entries resulting from Demand Checks are posted on the actual check date. An entry should be entered manually when the physical bank transfer is made to alleviate the Due To/From balances. This transfer will most likely be done when the regular payroll transfer is done.

EXAMPLE #2 - POSTING TO CASH ACCOUNTS

In this example, when the “post payroll” option is selected during payroll processing, the following cash disbursement entries will be automatically created. FICA and Medicare Entries post from similar options defined in the Benefit Table.

For Funds A, C, and/or F: An entry for the gross amount of the payroll and employer share of the FICA is created in each fund, with the offset hitting the cash account directly. Each Supporting Fund may have a different Cash Acct #.

522-00 Exp (Salary Budget Codes) 200-08 Cash	\$Gross Payroll (\$Gross Payroll)
522-00 Expenditure (Emplr. FICA) 200-08 Cash	\$Employer Portion (\$Employer Portion)
522-00 Expenditure (Emplr. Medicare) 200-08 Cash	\$Employer Portion (\$Employer Portion)

For Trust & Agency: An entry crediting the net payroll and all deductions and debiting the designated cash account is created. An additional entry showing the issuance of the net payroll checks/direct deposits is also created.

TA200-01 Cash – (represents all funds)	\$Gross Payroll/Emplr FICA/Med
TA010-00 Consolidated Payroll	(\$Net Payroll)
TA018-00 State Retirement	(\$Gross Deduction)
TA020-00 Insurances	(\$Gross Deduction)
Etc.	
TA010.00 Consolidated Payroll	\$Net Payroll
TA200.XX Cash-Net Payroll	(\$Net Payroll)

In this scenario, the *WinCap* accounting entry that was generated actually hit cash accounts as follows:

FROM: A200-08 TO: TA200-01

Make sure the funds that are being transferred equal the entry that was made.

Demand Before Posting

When a payroll check is issued on demand, the entries resulting in the supporting fund and the T&A Fund will use cash as the offset accounts. Entries resulting from Demand Checks are posted on the actual check date. Please be aware that if the physical transfer for this entry is not done within the same month as the check date, bank reconciliation items will result.

EXAMPLE #3 - POSTING TO DUE TO/FROM FOR DEMAND CHECKS AND CASH FOR PAYROLL POSTING

In this example, when demand checks are issued an entry is created immediately to the Due To/From accounts on the check date. When the “post payroll” option is selected during payroll processing, the Due To/From portion of the demand check is alleviated by a cash entry and is dated with the “pay period date.”

System Setup

Name: Richmond Central School District 2008 OK Cancel

General Admin A/P Purchasing G/L Service Contracts Misc Billing Budget/Revenue

Employee/HR Payroll Attendance Benefits EE Cost Proj District Tbls Counters BOCES

General Check Calculation Report Setup Direct Deposit **Posting Grs/Net** Check Layout

Payroll Bank Account: PAYROLLM&T

Sort Option for assigning check numbers: Paycheck Location, Name

Sort Option for printing checks: Paycheck Location, Name

Post Payroll Encumbrances Post Payroll Expenditures Include Due to TRS in General Fund Journal Entry

Create Trust & Agency Journal Entry to Distribute Gross Payroll

Fund	G/L Acct	Demand b/f Posting	Offset Fund	Offset G/L Db	Offset Demand Db	Offset G/L Cr
A	200.08	630.01	TA	200.01	391.00	010.00
C	200.08	630.01	TA	200.01	391.00	010.00
F	200.08	630.01	TA	200.01	391.00	010.00
	.	.	TA	.	.	010.00

Net Payroll G/L Account for posting Net Payroll Checks & Electronic Direct Deposit TA 010.00

Create C/D Journal Entry for Cash Transfer from T&A to Net Payroll Account

G/L Account for posting Net 1099R Distribution TA 085.10

G/L Account for posting Federal Tax Withholding on a 1099R Distribution TA 022.01

Use Deferred Big Pay by posting to G/L Account .

See next page for accounting detail.

EXAMPLE #3 - POSTING TO DUE TO/FROM FOR DEMAND CHECKS AND CASH FOR PAYROLL POSTING

For Funds A, C, and/or F: An entry for the gross amount of the payroll and employer share of the FICA is created for the Demand Check, with the offset hitting Due To.

Issuance of Demand Check

522.00 Exp (Salary Budget Codes)	\$Demand Check
630.01 Due To	(Demand Checkl)
522.00 Expenditure (Emplr. FICA)	\$Employer Portion of DC
630.01 Due To	(\$Employer Portion)
522.00 Expenditure (Emplr. Medicare)	\$Employer Portion of DC
630.01 Due To	(\$Employer Portion)

Clearing of Demand Checks during Payroll Posting
(this entry occurs as part of the regular Pay Period Entry)

522.00 Exp (Salary Budget Codes)	\$Gross-Demand Check
630.01 Due To	\$Demand Check
200.08 Cash	(\$Gross includes DC)
522.00 Expenditure (Emplr. FICA)	\$Employer Portion - DC
630.01 Due To	\$Demand Check
200.08 Cash	(\$Employer Portion FICA)
522.00 Expenditure (Emplr. Medicare)	\$Employer Portion-DC
630.01 Due To	\$Demand Check
200.08 Cash	(\$Employer Portion Medicare)

For Trust & Agency: An entry crediting the net payroll and all deductions and debiting the designated Due From account is created for the Demand Check. An additional entry showing the issuance of the net payroll check is also created.

Issuance of Demand Check

TA391.00 Due From	\$Gross DC/Emplr. FICA/Med
TA010.00 Consolidated Payroll	(\$Net Demand Check)
TA018.00 State Retirement	(\$Gross Deduction of DC)
TA020.00 Insurances	(\$Gross Deduction of DC)
Etc.	
TA010.00 Consolidated Payroll	\$Net Payroll
TA200.XX Cash-Net Payroll	(\$Net Payroll)

Clearing of Demand Checks during Payroll Posting
(this entry occurs as part of the regular Pay Period Entry)

TA200.01 Cash – (Trust & Agency)	\$Gross + DC/Emplr. FICA/Med
TA391.00 Due From	(\$Gross DC/Emplr. FICA/Med)
TA010-00 Consolidated Payroll	(\$Net Payroll for Reg Payroll)
TA018-00 State Retirement	(\$Gross Deduction for Reg Payroll)
TA020-00 Insurances	(\$Gross Deduction for Reg Payroll)
Etc.	
TA010.00 Consolidated Payroll	\$Net Payroll
TA200.XX Cash-Net Payroll	(\$Net Payroll)

Reminder:

In this scenario, cash entries representing the bank transfers to fund a payroll occur during posting. (on the Pay Period check date). A reconciliation of the timing of the demand check issuance to the actual funding may be necessary .

ADDITIONAL AUTOMATED CASH ENTRY FOR TRUST & AGENCY FUND

If the Trust & Agency Fund operates a Cash account for deductions and a Cash account for Net Payroll, an additional option in setup Create C/D Journal Entry for Cash Transfer from T&A to Net Payroll Account can be selected to automate the entry required to fund the Net Payroll account.

As always, a site must verify that the physical bank transfers processed reconcile with this automated entry.

Bank Account [PAYROLLM&T]

Bank Account: PAYROLLM&T Affiliation: M&T Bank ACH Immediate Destination bank routing override: []
 Description: M&T - Payroll Type: Checking
 Bank Name: Richmond County Trust Bank recon account number override (Chase Only): []
 Branch Name: 200 Main St., Branch #4 Address: Richmond, NY 12345
 Bank Acct for Check: 23345778703364 Check Description: Payroll Account
 Bank Route Code: 145456725 Payroll Description: Payroll Account
 Fract Route: 22-8/898 Next Check: 85986

Fund Usage

Fund	Subfund	G/L Acct	CR	CD
TA		200.02	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

Setup

Richmond Central School District 2008

Admin A/P Purchasing G/L Service Contracts Misc Billing Budget/Revenue

Employee/HR Payroll Attendance Benefits EE Post Proj District Tbls Counters BOCES

General Check Calculation Report Setup Direct Deposit Posting Grs/Net Check Layout

Payroll Bank Account: PAYROLLM&T
 Sort Option for assigning check numbers: Paycheck Location, Name
 Sort Option for printing checks: Paycheck Location, Name

Post Payroll Encumbrances Post Payroll Expenditures Include Due to TRS in General Fund Journal Entry
 Create Trust & Agency Journal Entry to Distribute Gross Payroll

Fund	G/L Acct	Demand b/f Posting	Offset Fund	Offset G/L Db	Offset Demand Db	Offset G/L Cr
A	200.08	630.01	TA	200.01	391.00	010.00
C	200.08	630.01	TA	200.01	391.00	010.00
F	200.08	630.01	TA	200.01	391.00	010.00
			TA			010.00

Net Payroll G/L Account for posting Net Payroll Checks & Electronic Direct Deposit: TA 010.00
 Create C/D Journal Entry for Cash Transfer from T&A to Net Payroll Account
 G/L Account for posting Net 1099R Distribution: TA 085.10
 G/L Account for posting Federal Tax withholding on a 1099R Distribution: TA 022.01
 Use Deferred Big Pay by posting to G/L Account: []

TA200-02 Cash (Net Payroll) \$Net Payroll
 TA200-01 Cash (Trust & Agency Cash acct) (\$Net Payroll)

ACCOUNTING FOR TRS

When Include Due to TRS in General Fund Journal Entry has been selected in the set-up file, the payroll entries that are created will take the employee's TRS contribution for that pay period into consideration and net them out against the amount the General Fund would need to transfer to fund the payroll.

The Cash Disbursement entry will be as follows:

For General Fund: This entry, while the same as the above scenarios, creates the liability due to TRS each time the payroll is posted. This will require less physical funding of the Trust & Agency – Cash Account each pay period.

522-00 Expenditures (Salary Budget Codes)	\$Gross Payroll
632-00 Due To TRS	(\$Gross TRS Contribution)
630-02 or 200 Due To or Cash (site set-up)	(\$Gross Payroll <i>minus</i> TRS Cont)

In the Trust & Agency Fund: This entry will exclude any TRS contribution amounts. The Trust & Agency Fund will no longer be maintaining the balance of collected contributions throughout the year.

TA391-00 or 200	Due From or Cash (site set-up)	\$Gross Payroll
TA010-00	Consolidated Payroll	(\$Net Payroll)
TA018-00	State Retirement (excludes TRS Contr)	(\$Gross Deduction)
TA020-00	Insurances	(\$Gross Deduction)
Etc.		

POSTING OF 1099R PAYMENTS

Posting of 1099R payments must be defined in the payroll set-up before usage. When issuing a 1099R check, the following entries will be created on the Check Date. Depending on the Retirement System that the 1099R is being issued from and the TRS option described earlier, the resulting entries may differ. At the time of posting, the user has the choice to designate which checking account (TA Checking or Net Payroll) they would like to issue this from.

Payroll Deduction Item Table

For Trust & Agency: An entry debiting the gross refund from the deduction code (as set-up in the deduction item table) and crediting the net refund and any withholdings is created. Sites have the option to create additional G/L codes for tracking 1099R payments.

TA018.01	ERS- 3% Contrib	\$Gross Refund
TA085.10	Net 1099R/Consol Pay	(\$Net Refund)
TA022.01	Fed Tax w/h 1099R	(\$Tax Withheld)
TA085.10	Net 1099R/Consol Pay	\$Net Refund
TA200.XX	Cash (<i>Bank Acct chosen</i>)	(\$Net Refund)

When a site chooses the option to **Include Due to TRS in General Fund Journal Entry**, the 1099R entries resulting from a TRS refund will be as follows:

For General Fund: An entry will be created in the General Fund debiting the TRS liability for the gross refund (Amount no longer due to TRS) and crediting Due To Trust & Agency to cover the gross refund that was actually remitted to the employee.

A632.00	Due to TRS	\$Gross Refund
A630.01	Due to Other Funds	(\$Gross Refund)

For Trust & Agency: An entry debiting Due From A Fund will post for the gross amount. If any withholding for taxes were elected it will credit this along with the Net 1099R/Consol Payroll account.

TA391.00	Due From Other Funds	\$Gross Refund
TA085.10	Net 1099R/Consol Pay	(\$Net Refund)
TA022.01	Fed Tax w/h 1099R	(\$Tax Withheld)
TA085.10	Net 1099R/Consol Pay	\$Net Refund
TA200.XX	Cash (<i>Bank Acct chosen</i>)	(\$Net Refund)

REPORTS TO ASSIST IN RECONCILING

PAYROLL DISTRIBUTION REPORT

The Payroll Distribution Report is a key document to summarizing the payroll, assist with the transfers that are needed, and referencing the accounting totals that are made. The last page of this report shows (by fund) the transfers that are required to fund the gross payroll.

Reports / Payroll / Payroll Distribution Report

Amount to move by fund is listed here.

Payroll Period: 009 (Posted) Check Date:11/30/2006

Total Distribution by Fund

Fund	Subfund	Gross Pay	Employer FICA	Medicare	Total	TRS Employee Contributions (A632)	Net For Gross Pay, FICA and Medicare
A		1,191,946.09	71,887.85	17,077.49	1,280,911.43	6,874.34	1,274,037.09
C		32,888.20	2,079.90	486.41	35,454.51	N/A	35,454.51
Totals for All Funds		1,224,834.29	73,967.75	17,563.90	1,316,365.94	6,874.34	1,309,491.60

REPORTS TO ASSIST IN RECONCILING

CASH DISBURSEMENTS JOURNAL OR CASH DISBURSEMENTS TOTALS BY G/L ACCOUNT

All accounting entries whether a demand check, a void, or the regular payroll processing are posted to the Cash Disbursements Journal. To run these reports and trap for ALL entries in a particular Pay Period, run with the following “where clause”. The requested CDJ.REFERENCE number is the Pay Period number you are looking for. These reports can be easily reconciled back to the Payroll Distribution Report.

Reports / General Ledger / Cash Disbursements Journal or Cash Disbursements Totals by G/L Account

The screenshot shows the 'Cash Disbursements Journal' report configuration window. The 'Fiscal Year' is set to 2007 and the 'Criteria Name' is 'Last Run'. The 'Fund' field is empty, and the 'Journal Entry' dropdown is set to 'All Journal Entries'. The 'Reference' field is empty. The 'Effective Dates' section has 'From' and 'To' fields both set to 00/00/0000. The 'Record Types to Include' section has checkboxes for 'A/P' (unchecked), 'Emp. Benefits' (checked), and 'Payroll' (checked). The 'Where' clause is 'CDJ.REFERENCE="007"'. The bottom of the window has a 'Crystal: <default repor' dropdown, a search icon, a magnifying glass icon, a printer icon, a 'Print Settings' button, and a 'Cancel' button.

The screenshot shows the 'Cash Disbursement Journal Totals by G/L Account' report configuration window. The 'Fiscal Year' is set to 2007 and the 'Criteria Name' is 'Last Run'. The 'Print Summary for Budget & Revenue Accounts' checkbox is checked, with 'Summary by Revenue Code' unchecked. The 'Sum by Effective Date for AP Records' and 'Sort and Total By SubFund' checkboxes are unchecked. The 'Fund' dropdown is set to 'All Funds' and the 'G/L Acct' dropdown is set to 'All G/L Accounts'. The 'Where' clause is 'CDJ.REFERENCE="007"'. The 'Effective Dates' section has 'From' and 'To' fields both set to 00/00/0000. The bottom of the window has a 'Crystal: <default re' dropdown, a search icon, a magnifying glass icon, an envelope icon, a printer icon, a 'Print Settings' button, and a 'Cancel' button.

Helpful hints:

Leave the Fund blank, this will give you both sides of the payroll transfer entries.
Do not use dates, as this may exclude demand checks and voids which post on the processing date and not the Pay Period date.
Make sure the Employee Benefits checkbox is on. This will include the FICA/Medicare entries.

REPORTS TO ASSIST IN RECONCILING

RECONCILING A/P PAYMENTS TO PAYROLL

1. Print Employee Payroll Distribution Report for “Closed” Pay Period
2. Run Payment Schedule Listing and/or Warrant Report (depending on site procedures)
3. Run General Ledger Report for Trust & Agency G/L Holding Accounts

Verify the total of each deduction from *Payroll Distribution Report* with the A/P payment created on the *Payment Schedule Listing or Warrant Report*. Verify the balance in the G/L Trust & Agency “holding” accounts before and after check issuance by running a *General Ledger Report*

Payroll Distribution Report

State Income Tax

Taxable Wages for State Withholding 234,087.33
 New York State Income Tax

Total State Income Tax

9,941.53 Transfe
9,941.53

Warrant Report

N Y STATE INCOME TAX

Invoice: 07/15/2004 P PAYROLL FOR JULY 15, 2004[AP ID# 000027]
 G/L Acct: T A021.00

[Total Invoice 9,941.53]
 07/15/2004

9,941.53

9,941.53

Check total for N Y ST-N Y STATE INCOME TAX

9,941.53

General Ledger Report

G/L Acct	Description	Debits	Credits
021.00 NEW YORK STATE INCOME TAXES			
Opening Balance			
07/15/2004 C/D C000003-05	Distribution of Gross Payroll		9,941.53
07/15/2004 C/D C000029-05	Assign Check 0501NY, Bank Acct: 06201004887	9,941.53	
07/30/2004 C/D C000038-05	Distribution of Gross Payroll		13,440.65
07/30/2004 C/D C000061-05	Assign Check 0502NY, Bank Acct: 06201004887	13,440.65	

REPORTS TO ASSIST IN RECONCILING

PAYROLL TO BUDGET RECONCILIATION REPORT

This report compares the gross expenditure posted to budget codes in the payroll module with the gross expenditures accumulated in that budget code in the budget module. You should not have discrepancies on this report. If you do, then entries were done (ex. Journal entry or cash receipt entry) directly to this budget code for a source other than payroll.

For a detailed report behind both the payroll budget total and the budgetcode total seen on this report, the Payroll Budget Report and the Budget Account Activity Report, respectively.

Reports / Payroll / Payroll Accounting Reports / Payroll to Budget Reconciliation Report

Fiscal Year: 2005 as of 10/22/2004

Budget Code	Description	----- Expenditures -----		
		Budget	Payroll	Variance
A2-706-4020-151-000	SALARIES-SUPPORT STAFF	50.00	0.00	50.00
Totals For Fund:		50.00	0.00	50.00
Grand Totals:		50.00	0.00	50.00

