Dave Ehlinger

From: Dave Ehlinger
Sent: Friday, January 20, 2023 9:45 AM
To: Department Heads
Cc: Lisa Aide
Subject: Payroll activity for 2023

Hello everyone,

As I was working on the year-end 2022 payroll accrual entry, I feel that we need to implement a change to give you a more accurate year-to-date wages/benefits activity during 2023.

There is nothing that needs to be done by you but will be handled in my office.

Here is what past practice has been:

a. The first payroll in January is posted to the current year, which is correct.
b. A journal entry is made at the beginning of the year to reclass the first payroll back to the prior year.
c. The second payroll in January is posted to the current year, which is correct.
d. January now in effect has only one payroll for the month in the current year.
e. Thus, if you are looking at your revenue/expenditure reports, the first month of the year is understating wages/benefits by 50%.
f. February through December each will have two payrolls posted to them. There are also two months that will have three months posted to them simply due to how the calendar falls.
g. With all the above activity, we now have 25 out of 26 posted for the year.
h. An accrual entry is done for the final 26th payroll but this means that December always has 3 payrolls charged to it.
i. Thus, we have been understating expenditures all year until the year end accrual happens. If you are tracking things during to the year, you may have thought you had more money available.

Here is what is changing:

1. The reclass journal entry under item "b" above is NOT being done at the beginning of the year.
2. This will leave January with two payrolls, thus no longer understating wages/benefits during the year.
3. My office will adjust the year end accruals as appropriate.

I realize this topic could potentially be confusing. If you have any additional questions, please feel free to contact me.

Dave

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