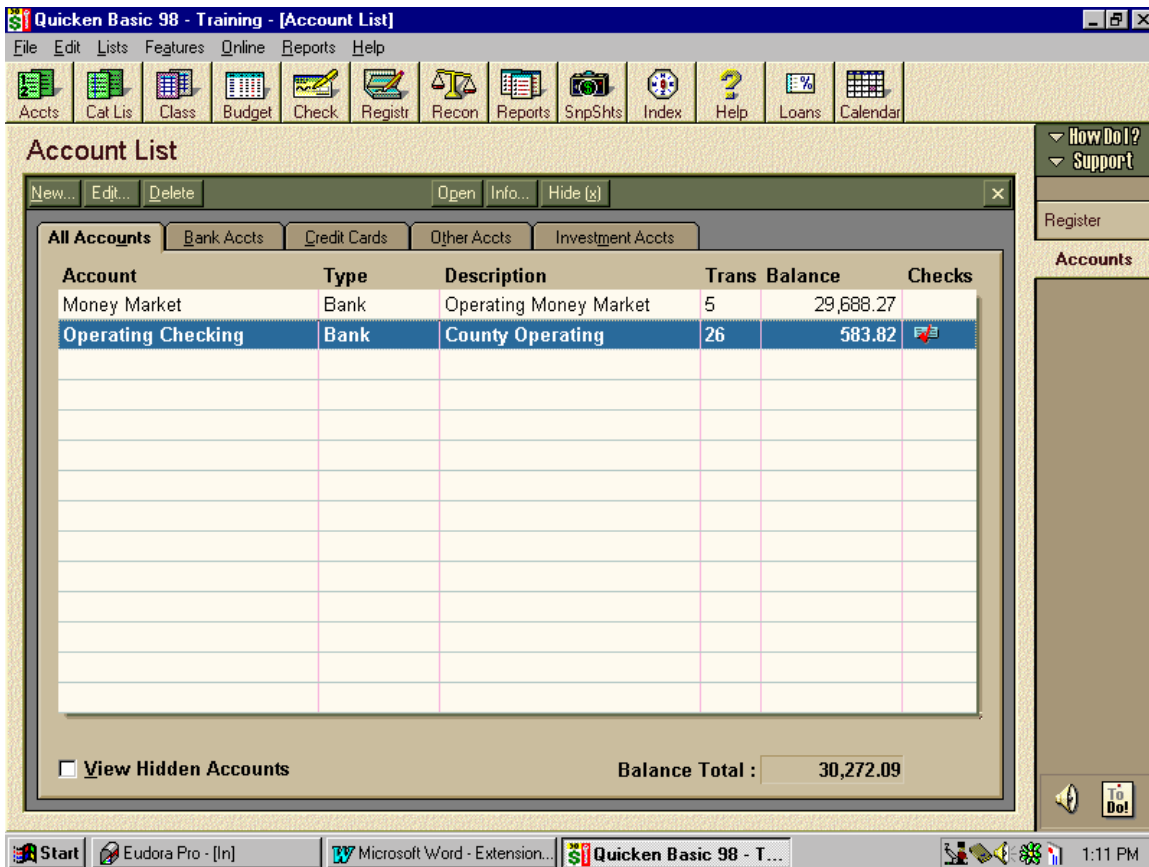


PAYROLL LIABILITY ACCOUNTS

Liability Accounts must be used when doing payroll checks and when sending in withholding deposits.

Liability Accounts – These are technically debts the Extension district owes. In Extension the only time we use a liability account is when we withhold money from an employee’s pay and when we at the same time obligate our the district to pay the employer portion of Social Security, Medicare and IPERS. You are now going to set up liability accounts that we will use for payroll. These accounts are used to set aside the money we will use to pay Federal (including Federal withholding, Social Security and Medicare), State and IPERS deposits.

Press your *Accts* icon to get a list of your accounts. The screen should look like this:



- Select the *New* button
- Select *Liability* and then click “NEXT”
- Select the *Summary* tab in this dialog box. This time you are going to name your account Payroll Fed.
- Use the *Tab* key to move to the next box or use your mouse to click the cursor in the *Description* box.
- Enter **Federal Withholding**.

- *Tab* to the *Balance* box. Enter the **\$0** in the *Balance* box.
- *Tab* to the box to the right of *as of* and **adjust the date** to July 1, 2002.
- **You have no outstanding transaction on this account.**

We are going to set up seven (7) more liability accounts to be used for payroll. The names and descriptions are 1) **Payroll SS and Social Security Withholding;** 2) **Employer SS and Employer Social Security Deposit;** 3) **Payroll Med and Medicare Withholding** 4) **Employer Med and Employer Medicare Deposit;** 5) **Payroll IPERS and IPERS Withholding;** 6) **Employer IPERS and Employer IPERS Deposit,** and 7) **Payroll St and State Withholding.**

Once you have written payroll checks and also written withholding deposit checks, then you have completed the payroll cycle and the balance in the payroll liability accounts will go back to \$ 0.

UPDATES TO PAYROLL PROCEDURES

How to make Yearend Financial Reports even easier!!!!

(Be sure you are in the correct account—Operating Checking)

PAYROLL

To figure the Extension office payroll, use the Excel payroll spreadsheet available on the web. To figure the appropriate withholding amounts and the employer portion of Social Security, Medicare and IPERS, use the Excel template. First, enter the employee's name in the spreadsheet, replacing the words "Name #1". Enter the gross wages and the Federal and State withholdings for gross wage after IPERS from the Circular E and the State Withholding booklets. Remember that the amounts for Social Security and Medicare are the same for both employee and employer. The template figures the Employer's IPERS for each employee.

Now you are ready to enter the payroll checks in Quicken

- Click on the icon *Checks*.

Employee's Check

- **First, change the date** to m/d/y
- Then enter the **Employee name**, followed by the net amount of the check.
- Instead of selecting a category, select the *Splits* button.
- On the 1st select the category for gross wages in the *Category* box
- [TAB] to the *Memo* and enter **Gross wages**
- [TAB] to the *Amount* and enter the amount of Gross wages.

- [TAB] to 2nd line and in the *Category* box select **[Payroll Fed]**; this is a transfer to a liability account found at the bottom of the *Category* pull-down menu.
- [TAB] to the *Memo* and enter **Federal Withholding**
- [TAB] to the *Amount* and enter the amount of Federal withholding as a negative number.

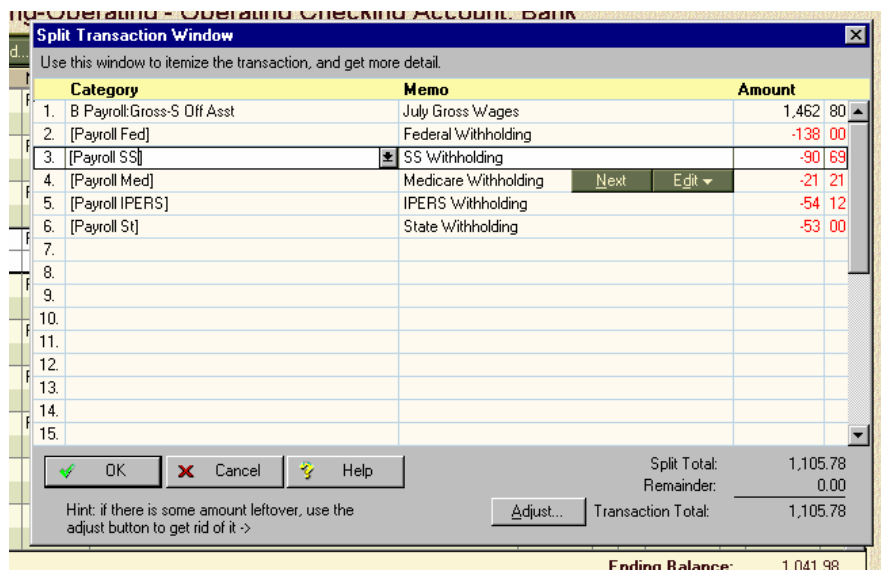
- [TAB] to the 3rd line and in the *Category* box select **[Payroll IPERS]**; again, this is a transfer to a liability account found at the bottom of the *Category* pull-down menu.
- [TAB] to the *Memo* and enter **IPERS Withholding**
- [TAB] to the *Amount* and enter the amount of IPERS withholding as a negative number.

- [TAB] to the 4th line and in the *Category* box select **[Payroll SS]**; again, this is a transfer to a liability account found at the bottom of the *Category* pull-down menu.
- [TAB] to the *Memo* and enter **SS Withholding**
- [TAB] to the *Amount* and enter the amount of FICA withholding as a negative number.

- [TAB] to the 5th line and in the *Category* box select **[Payroll Med]**; again, this is a transfer to a liability account found at the bottom of the *Category* pull-down menu.
- [TAB] to the *Memo* and enter **Medicare Withholding**
- [TAB] to the *Amount* and enter the amount of Medicare withholding as a negative number.

- [TAB] to the 6th line and in the *Category* box select **[Payroll State]**; again, this is a transfer to a liability account found at the bottom of the *Category* pull-down menu.
- [TAB] to the *Memo* and enter **State Withholding**
- [TAB] to the *Amount* and enter the amount of State withholding as a negative number.

The screen should look like this when you have completed this portion of the entry:



- Now go to *line 16* of this *Split* window and in the *Category* box, select the expense category for the Employer portion of FICA – **C Employer SS**
- [TAB] to the *Memo* and enter **Employer Social Security**
- [TAB] to the *Amount* and enter the amount of Employer FICA obligation as a positive number.
- [TAB] to line 17 and in the *Category* box, select **[Employer SS]**; again, this is a transfer to a liability account found at the bottom of the *Category* pull-down menu.
- [TAB] to the *Amount* and enter the amount of Employer Social Security as a negative number.
- Now go to *line 18* and in the *Category* box, select the expense category for the Employer portion of Medicare – **D Employer Med**
- [TAB] to the *Memo* and enter **Employer Medicare**
- [TAB] to the *Amount* and enter the amount of Employer Medicare obligation as a positive number.
- [TAB] to *line 19* and in the *Category* box, select **[Employer Medicare]**; again, this is a transfer to a liability account found at the bottom of the *Category* pull-down menu.
- [TAB] to the *Amount* and enter the amount of Employer’s Medicare as a negative number.
- Now go to *line 20* and in the *Category* box, select the expense category for the Employer portion of Medicare – **E Employer IPERS**
- [TAB] to the *Memo* and enter **Employer IPERS**
- [TAB] to the *Amount* and enter the amount of Employer IPERS obligation as a positive number
- [TAB] to *line 21* and in the *Category* box, select **[Employer IPERS]**; again, this is a transfer to a liability account found at the bottom of the *Category* pull-down menu.
- [TAB] to the *Amount* and enter the amount of Employer’s IPERS as a negative number.

Your screen should look like the screen shown below:

Line	Category	Memo	Amount
12.			
13.			
14.			
15.			
16.			
17.	C Employer SS	Employer FICA	56 90
18.	[Employers SS]		-56 90
19.	D Employer Med	Employer Medicare	13 31
20.	[Employers Med]		-13 31
21.	E Employer IPERS	Employer IPERS	52 77
22.	[Employers IPERS]		-52 77
23.			
24.			
25.			
26.			

Split Total: 736.63
Remainder: 0.00
Transaction Total: 736.63

- Now click “OK” and “RECORD CHECK”.

What these entries have done is record as an expense the Employer’s portion of Social Security, Medicare and IPERS and then reserved that money in a liability account. When you complete the payroll cycle and write checks to Federal bank depository and to IPERS, you will remove the money from the liability account.

The next step in the payroll process is to pay out the Federal, State and IPERS deposits.

Federal Deposit Check

- Enter the **Bank’s name**, followed by the amount of the check, which can be found on the month worksheet of the Excel template.
- Instead of selecting a *Category*, select the *Splits* button.
- On the first line in the *Category* box, select [*Payroll Fed*]; this is a transfer out of the liability account found at the bottom of the *Category* pull-down menu.
- [TAB] to the *Memo* and enter **Federal Withholding**
- [TAB] to the *Amount* and enter the total amount of Federal Withholding for all the employees in the office as a positive number. You can find this number on the month worksheet of the Excel template.

- [TAB] to the 2nd line and in the *Category* box, select [*Payroll SS*]; again, this is a transfer out of the liability account found at the bottom of the *Category* pull-down menu.
- [TAB] to the *Memo* and enter **Social Security Withholding**
- [TAB] to the *Amount* and enter the total amount of Social Security Withholding for all the employees in the office as a positive number. You can find this number on the month worksheet of the Excel template.

- [TAB] to the 3rd line and in the *Category* box, select [*Employer SS*]; again, this is a transfer out of the liability account found at the bottom of the *Category* pull-down menu.
- [TAB] to the *Memo* and enter **Employer Social Security**
- [TAB] to the *Amount* and enter the total amount of Employer FICA for all the employees in the office as a positive number. You can find this number on the month worksheet of the Excel template.

- [TAB] to the 4th line and in the *Category* box, select [*Payroll Med*]; again, this is a transfer out of the liability account found at the bottom of the *Category* pull-down menu.
- [TAB] to the *Memo* and enter **Medicare Withholding**.
- [TAB] to the *Amount* and enter the amount of Medicare Withholding for all the employees in the office as a positive number. You can find this number on the month worksheet of the Excel template.

IPERS Check

- Enter **IPERS**, followed by the amount of the check, which is the employees withholding amount which can be found on the month worksheet of the Excel template.
- [TAB] to the *Memo* and enter **IPERS Withholding**.
- [TAB] to the *Category* line and select [**Payroll IPERS**]; this is a transfer out of the liability account found at the bottom of the *Category* pull-down menu.
- [TAB] to the *Amount* and enter total amount of IPERS Withholding as a positive number. You can find this number on the month worksheet of the Excel template.
- [TAB] to the *Memo* and enter **Employer's IPERS**.
- [TAB] to the *Category* line and select [**Employer IPERS**]; this is a transfer out of the liability account found at the bottom of the *Category* pull-down menu.
- [TAB] to the *Amount* and enter total amount of Employer's IPERS as a positive number. You can find this number on the month worksheet of the Excel template.

When you complete the entry your screen should look like this:

Category	Memo	Amount
1. [Employers IPERS]		245 17
2. [Payroll IPERS]		157 77
3.		
4.		
5.		
6.		
7.		
8.		
9.		
10.		
11.		
12.		
13.		
14.		
15.		

Split Total: 402.94
 Remainder: 0.00
 Transaction Total: 402.94

- Now click “OK” and “RECORD CHECK”.