

Beginning balances – payroll

Goal: Establish beginning payroll balances to ensure that your pays, taxes, deductions and fringes calculate correctly going forward. This information is also needed for your year-end reports and W-2 forms.

In this quick lesson

Step 1: Set up a payroll for beginning balances	2
Step 2: Enter beginning balances for each employee	3
Step 3: Verify the information you entered	8

You enter these balances before processing payroll in Ajera, but after setting up your employees and payroll items, including pays, taxes, deductions, and fringes.

Best practice: Enter one paycheck per employee for each quarter. If starting mid-quarter, you also need to enter monthly checks for the partial quarter. In this way, you can match your entries to your quarterly wage reports to verify that you are in balance to what you have submitted to federal and state agencies.

For an overview of the entire process, be sure to see the *Beginning balances introduction* quick lesson.

The process

Before you start

Gather payroll totals for each quarter of the current year, prior to the Payroll start date you entered in Company > Preferences. This is the first day of the pay period that you plan to begin processing in-house payroll in Ajera.

If you are not starting at the beginning of a quarter, you must also gather monthly payroll totals for the current quarter.



1

Enter your payroll beginning balances for each employee.

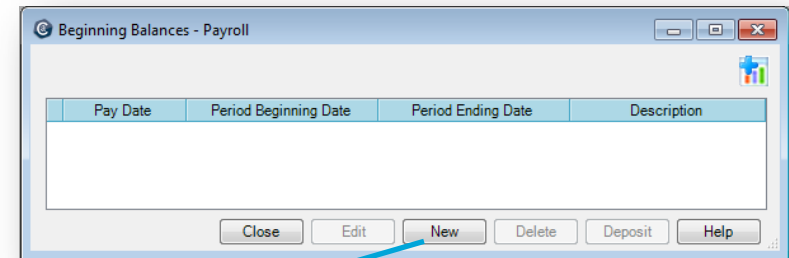


2

Verify the information you entered.

Step 1: Set up a payroll for beginning balances

1. Click **Company > Beginning Balances > Payroll**.
2. Click the **New** button.
3. Enter information to create a payroll for your beginning balances, and click **OK**.



Ajera automatically enters a description. Change it, as needed.

Enter the first day of the pay period, the last day of the pay period, and the pay date.

Description: Beginning Balance Payroll

Period beginning date: 01/01/11
Period ending date: 02/28/11
Pay date: 02/28/11

Pay period: Supplemental
☐ Retrieve previously unpaid hours

Employee: ...

Bank account: Washington Mutual - Payroll ...

Include automatic:
☐ Pays
☐ Taxes
☐ Deductions
☐ Deposits
☐ Fringes

Include on demand:
☐ Pays
☐ Taxes
☐ Deductions
☐ Deposits
☐ Fringes

OK Cancel Help

Select the bank account you will use for payroll.

Step 2: Enter beginning balances for each employee

The Beginning Balances Paycheck List window appears listing all employees. Ajera automatically creates a paycheck for each active employee.

1. Select the first employee you want to enter beginning balances for, and click the **Edit** button.

The Paycheck tab displays a summary of the employee's pay information for the period you are entering.

Use the other tabs to enter information for the employee.

Beginning Balances - Paycheck List

Description: Beginning Balance Payroll Period beginning date: 01/01/11 Pay period: Supplemental
 Pay date: 02/28/11 Period ending date: 02/28/11 Status: Mixed

Status	First Name	Middle Name	Last Name	Pay	Taxes	Deductions	Net
Paid	Mary	T	Boyle	0.00	0.00	0.00	0.00
Paid	Jan	J.	Engstrom	0.00	0.00	0.00	0.00
Paid	Paul	J.	French	0.00	0.00	0.00	0.00
				0.00	0.00	0.00	0.00
				0.00	0.00	0.00	0.00
				0.00	0.00	0.00	0.00
				0.00	0.00	0.00	0.00
				0.00	0.00	0.00	0.00
				0.00	0.00	0.00	0.00
				0.00	0.00	0.00	0.00
				0.00	0.00	0.00	0.00
				0.00	0.00	0.00	0.00

Beginning Balances - Edit Paycheck - James N. Singer

Description: Beginning Balance Payroll Period beginning date: 01/01/11 Pay period: Supplemental
 Pay date: 02/28/11 Period ending date: 02/28/11 Status: Paid

Paycheck: **Pays** Taxes Deductions Fringes

Description	Hours	Rate	Amount	Year to Date
Vacation and Sick accrual	ac			3.85 ac
Total pay				
Total taxes				
Total deductions				
Net pay				
Federal unemployment			0.80	0.80
Social security - Employer			6.20	6.20
Medicare - Employer			1.45	1.45
Oregon SDI - Employer			0.01	0.01
Oregon SUI			2.20	2.20
Total fringes			10.66	10.66

Buttons: Edit, Select All, Pay, Delete, Help

Buttons: Close, Save, Cancel, Delete, Pay, Help

Step 2: Enter beginning balances for each employee (continued)

- Click the **Pays** tab.
- In the table, enter a row for the employee's regular pay for the pay period.

Beginning Balances - Edit Paycheck - James N. Singer

Description: Period beginning date: Pay period:
 Pay date: Period ending date: Status:

Pays | Taxes | Deductions | Fringes

Pay	Project	Phase	Activity	Calculation	Basis	Hours	Rate	Amount
<input checked="" type="checkbox"/> Regular						430.00		14,884.06
<input type="checkbox"/> Project								
<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>				Hours Times Rate		430.00	34.6141	14,884.06
*								

Callouts:

- In this example, you selected Regular for the type of pay.
- If applicable, enter the hours worked.
- If you select to add a Regular pay, Ajera automatically enters the employee's regular pay rate and the amount (which it calculates by multiplying the hours by the rate). You can change the amount, as needed.

Step 2: Enter beginning balances for each employee (continued)

4. For vacation pay, you can track hours accrued and year-to-date hours available, or track only the year-to-date hours available.

This example shows entries for tracking both vacation hours available and accrued.

5. On the next available row, select a pay of **Vacation**, which is set up to reduce the accrual pay.

Paycheck Pays Taxes Deductions Fringes									
Pay						Hours	Rate	Amount	
+ Regular						430.00	34.6141	14,884.06	
- Vacation									
Q	Project	Phase	Activity	Calculation	Basis	Hours	Rate	Amount	
I				Hours Times Rate		4.00		138.48	
*									

Type the total number of hours used year-to-date by the employee, and enter the amount.

6. On the next row, select the **Vacation and Sick accrual** pay.

Paycheck Pays Taxes Deductions Fringes									
Pay						Hours	Rate	Amount	
+ Regular						430.00	34.6141	14,884.06	
+ Vacation						4.00		138.48	
+ Vacation and Sick...						23.25			
Q	Project	Phase	Activity	Calculation	Basis	Hours	Rate	Amount	
I				Hours		23.25			
*									

Type the total number of hours accrued year-to-date for the employee.

Step 2: Enter beginning balances for each employee (continued)

7. Click the **Taxes** tab.

The Taxes tab lists the federal and state taxes.

Here's one example of what the table for an employee might look like when completed.

Paycheck Pays **Taxes** Deductions Fringes

Federal filing status: Federal exemptions: Additional federal withholding:

Oregon filing status: Oregon exemptions: Oregon additional withholding:

Tax	Calculation	Taxable	Subject To	Rate	Employee Tax	Employer Tax
Federal withholding	Tables	14,421.62	14,421.62		1,795.50	
Federal unemployment	Percent of Taxable	15,022.52	7,000.00	0.8000		56.00
Social security	Percent of Taxable	15,022.52	15,022.52	6.2000	931.39	
Social security - Employer	Percent of Taxable	15,022.52	15,022.52	6.2000		931.39
Medicare	Percent of Taxable	15,022.52	15,022.52	1.4500	217.83	
Medicare - Employer	Percent of Taxable	15,022.52	15,022.52	1.4500		217.83
Oregon State Withholding	Tables	14,421.62	14,421.62		1,080.23	
Oregon SDI - Employer	Percent of Taxable	15,022.52	15,022.52	1.7000		255.38
Oregon SDI - Employee	Percent of Taxable	15,022.52	15,022.52	1.7000	255.38	
Oregon SUI	Percent of Taxable	15,022.52	15,022.52	2.2000		330.49

If you had any local taxes to enter, on the next available row, you would select the appropriate tax and enter the information for it.

In the Taxable field, enter the taxable basis of the tax.

In the Subject To field, enter the amount of pay subject to the tax.

When you enter the tax amount, Ajera automatically lists the rate from the tax tables.

Step 2: Enter beginning balances for each employee (continued)

Now, include any deductions or fringe benefits that must be reported on W-2s, based on Social Security Administration publications. If you are unsure what to include, contact your CPA.

8. Click the **Deductions** tab, and enter any deductions.

Deduction	Calculation	Basis	Rate	Amount
401k	Flat Amount			600.90
Insurance	Flat Amount			330.00

9. Click the **Fringes** tab, and enter any fringe benefits.

This example shows a 401(k) matching fringe and a fringe for medical insurance.

Fringe	Calculation	Basis	Rate	Amount
401k Matching	Flat Amount			300.45
Insurance	Flat Amount			150.00

10. Click **Save**.

The Paycheck list window appears including the amounts you just entered for the employee.

Description	Hours	Rate	Amount	Year to Date
Regular	430.00	34.6141	14,884.06	14,884.06
Vacation	4.00		138.48	138.48
Vacation and Sick accrual	23.25 ac		42.35 ac	42.35 ac
Total pay	434.00		15,022.54	15,022.54
Total taxes				
401k			600.90	600.90
Insurance			330.00	330.00
Total deductions			930.90	930.90
Net pay			14,091.64	14,091.64
Federal unemployment			0.80	0.80
Social security - Employer			6.20	6.20
Medicare - Employer			1.45	1.45
Oregon SDI - Employer			0.01	0.01
Oregon SUI			2.20	2.20

Step 3: Verify the information you entered

1. Click **Reports > Payroll > Check Activity**.

Select the date range for the beginning balance paychecks you entered.

Double-click the pay date for the employee to see the detail.

Payroll Check Activity

Date range: 02/01/2011 to 02/28/2011

Employee	Pay Date	Check #	Regular	Overtime	Other time	Hours Paid	Gross Pay	Deducts	Employee Taxes	Net Pay	Employer Taxes
			Hours	Amount	Hours	Amount					
Christopher E. Meehan	02/28/2011										10.66
James N. Singer	02/28/2011		430.00	14,884.06	4.00	138.48	434.00	15,022.54	930.90	14,091.64	10.66

Check Detail

Date range: 02/01/2011 to 02/28/2011

Employee	Pay Date	Check #	Regular	Overtime	Other time	Hours Paid	Gross Pay	Deducts	Employee Taxes	Net Pay	Employer Taxes
			Hours	Amount	Hours	Amount					
James N. Singer	02/28/2011		430.00	14,884.06	4.00	138.48	434.00	15,022.54	930.90	14,091.64	10.66

Pays

Description	Hours	Amount
Regular	430.00	14,884.06
Vacation	4.00	138.48
Vacation and Sick accr	23.25	

Deductions

Description	Amount
401k	600.90
Insurance	330.00

Employer Taxes

Description	Amount
Federal unemployment	0.80
Social security - Emplo	6.20
Medicare - Employer	1.45
Oregon SDI - Employee	0.01
Oregon SUI	2.20

Fringes

Description	Amount
401k Matching	300.45
Insurance	150.00

2. Verify the information for pays, deductions, taxes, and fringes.

Summary

In this lesson, you learned that entering beginning balances for payroll ensures accurate year-to-date amounts for tax calculations and W-2 reporting.

Be sure to see the other quick lessons about beginning balances.