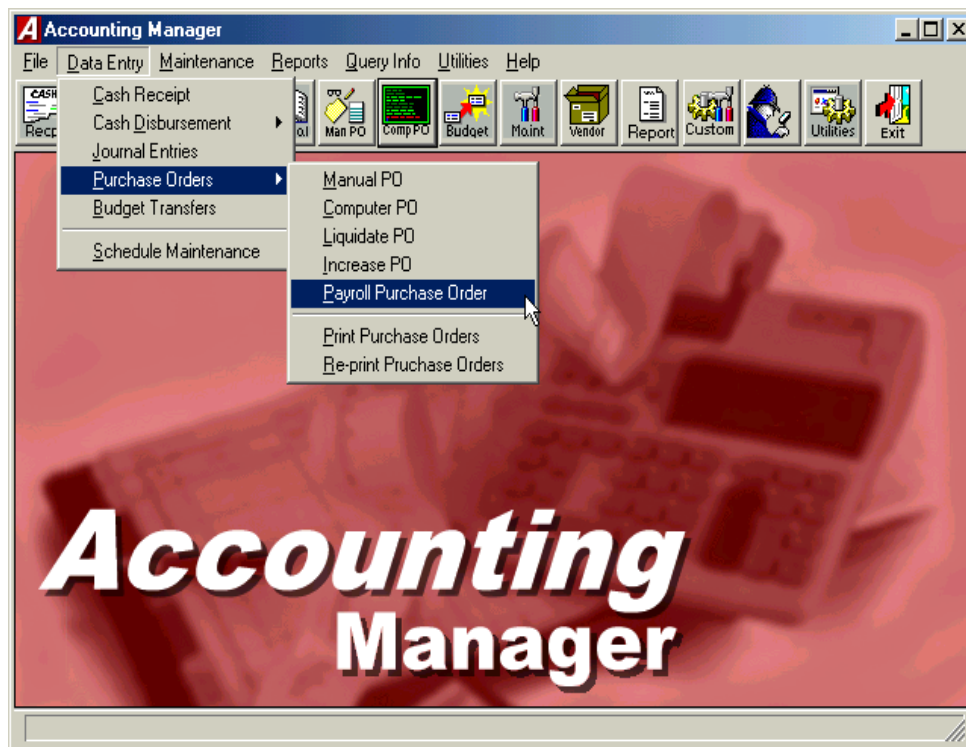# FM2000
Establishing a Payroll Encumbrance

How can I encumber my salaries to be paid from Payroll?

➢ FM2000 has an automated routine which will allow a user (with the appropriate permissions) to establish an encumbrance for remaining payroll salary amounts (Contractual, Annualized and Supplemental). This is done by creating a PO that not only will be liquidated anytime an expenditure against one of these encumbrances is made and distributed to Accounting (via the Payroll to GL routine), but can also be updated to account for changes in salary.

Critical Note: Before proceeding with the payroll encumbrance procedure, ALL payrolls for the current fiscal year MUST be distributed to the Accounting module via the Payroll to General Ledger procedure in Accounting Manager. Failure to distribute all payrolls may cause appropriation accounts to show inflated unencumbered balance amounts. This is caused from the Payroll PO routine calculating remaining amounts in the Payroll module which have been decreased by payrolls that may not have already been expensed and/or liquidated through the Payroll to General Ledger routine.

Steps to Creating a Payroll Encumbrance:

To proceed with Establishing Payroll Encumbrance amounts and creating a Purchase Order, proceed to the Accounting Manager module. From the Data Entry drop-down, choose Purchase Orders and proceed to the Payroll Purchase Order routine.

FM2000
Establishing a Payroll Encumbrance

The following is a list of basic steps involved to Establish/Reestablish a Payroll Encumbrance:

1. **<u>Reports</u>** - Print the Contractual Amounts by Account and/or Contractual Amounts by Employee (see attached samples) to verify remaining Contractual, Annualized and/or Supplemental amounts to be paid. This is done by choosing the Reports radio button on the lower left side of the Routine Selection box and then selecting the appropriate report you wish to print in the Report Selection box. Be sure to choose the criteria from the Remaining Balances Criteria box that you wish for the system to use in calculating the report. These include whether or not to include Supplemental Appointments (versus only Contractual and Annualized), Employees on Leave and Temporary Employees (versus only Active employees).

2. **<u>Calculate Remaining Balances</u>** – This step will establish what the remaining amounts to be paid are (based on Criteria chosen in the Remaining Balances Criteria box) by calculating remaining salaries from Payroll Manager.

3. **Modify Remaining Balances** – This area will allow you to view/change the remaining amounts that were created in Step 2, prior to establishing or reestablishing the PO.

   Note: Changes made here may be deleted after reestablishing the payroll encumbrance since every time the Calculate Remaining Balances routine is run, the system is calculating remaining amounts based on ACTUAL payroll salaries and does not include these changes made.
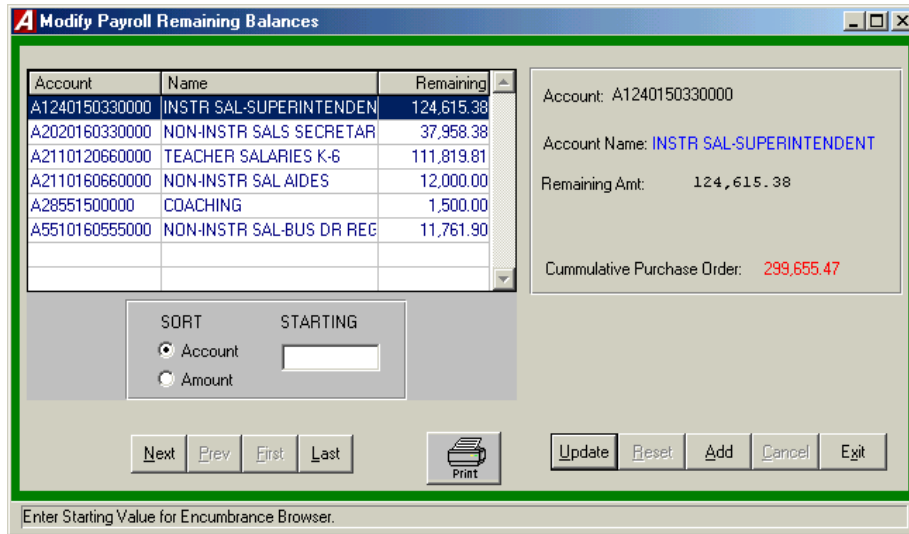
4. **Establish/Reestablish Purchase Order** *(You MUST calculate remaining balances prior to running this routine)*
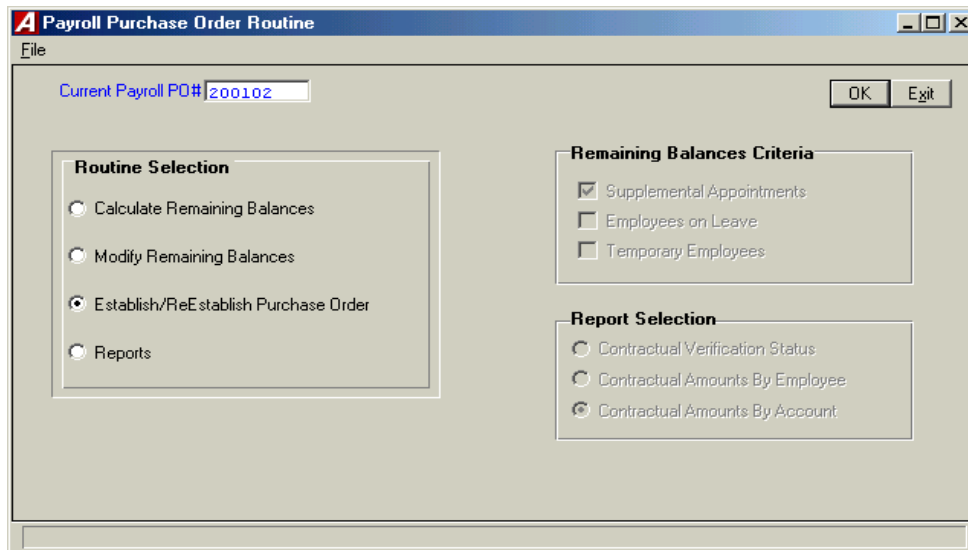
   a) **Establish Purchase Order** - If there currently is not a Payroll Purchase Order being used, the Establish/Reestablish PO routine will ask for a PO#. Since this usually is not a physical PO, choose a number that is meaningful, but does not duplicate any other PO numbers entered on the system.

FM2000
Establishing a Payroll Encumbrance

b) **Reestablish Purchase Order** - If there is currently a Payroll Purchase Order being used, the Establish/Reestablish PO routine will NOT prompt for a PO#, but will simply compare the current amounts established to the current PO balances by account and make any adjustments (Increases or Liquidations) to the Purchase Order that may be necessary.

- When running this procedure, you will be asked to select a schedule for the encumbrances to be placed within and an effective date. The date should be any date on or after the last payroll distributed and an appropriate schedule should be chosen.
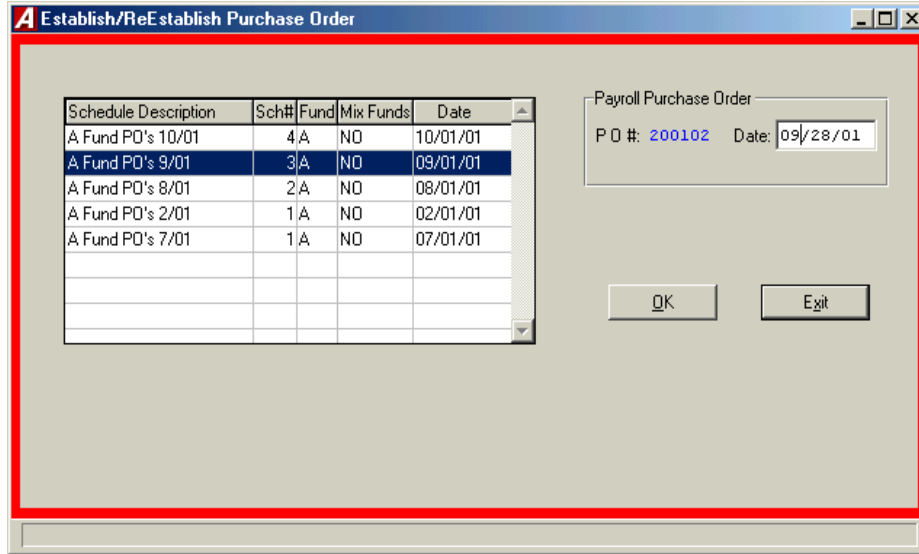
- Once a Purchase order has been established, the system will automatically fill the PO number into the Purchase Order# field on the Set Payroll Parameters screen
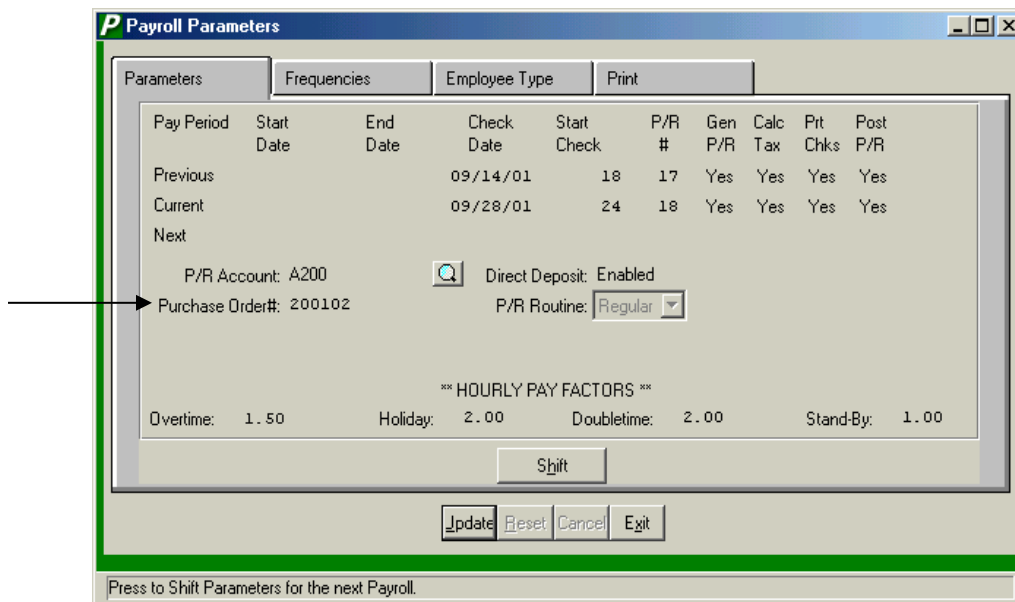
FM2000
Establishing a Payroll Encumbrance

<u>Other Notes:</u>

- After encumbering payroll, when you distribute a payroll into accounting, the Payroll to GL routine will automatically liquidate the encumbrance by the amount of the expense distributed up to the amount currently encumbered

- The payroll PO is treated just like a normal purchase order which can be liquidated through the cancel/partial liquidation routine

- At fiscal year end, the payroll PO must be canceled (fully liquidated), and the number removed from the Set Payroll Parameters screen until a PO (with a different number) is established in the new fiscal year

FM2000
Establishing a Payroll Encumbrance
Sample Reports

Contractual Amounts by Account:

```
10/28/01                             DEMO SCHOOL DISTRICT                                      PAGE   1
****************************************************************************************************
REMAINING CONTRACTUAL BALANCES BY ACCOUNT
ACCOUNT               EMPLOYEE            EMP #   TYPE    EARNING        LIMIT           PAID      REMAINING
****************************************************************************************************
A 1240.150-33-0000    ADMINISTRATOR, JILL A   8   ADM12   Contract    135,000.00      10,384.62     124,615.38
                                                                     -------------- -------------- --------------
                                                                       135,000.00      10,384.62     124,615.38

A 2020.160-33-0000    HUDSON, ROCK            5   FS      Contract     41,954.00       3,995.62      37,958.38
                                                                     -------------- -------------- --------------
                                                                        41,954.00       3,995.62      37,958.38

A 2110.120-66-0000    TEACHER, JOHN T         2   TCH26   Contract     52,785.00       2,030.19      50,754.81
                      TEACHER2, SAMANTHA     10   TCH21   Contract     61,065.00           0.00      61,065.00
                                                                     -------------- -------------- --------------
                                                                       113,850.00       2,030.19     111,819.81

A 2110.160-66-0000    AIDE, TEACHER          11   TA26    Contract     12,000.00           0.00      12,000.00
                                                                     -------------- -------------- --------------
                                                                        12,000.00           0.00      12,000.00

A 2855.150-00-00      TEACHER, JOHN T         2   SCOCH   COACH         2,000.00         500.00       1,500.00
                                                                     -------------- -------------- --------------
                                                                         2,000.00         500.00       1,500.00

A 5510.160-55-5000    ANNUALIZE, JOSEPH T     9   DRIVE   Contract     13,000.00       1,238.10      11,761.90
                                                                     -------------- -------------- --------------
                                                                        13,000.00       1,238.10      11,761.90
                                                                     -------------- -------------- --------------
                                                                       317,804.00      18,148.53     299,655.47
```

Contractual Amounts by Employee:

```
10/28/01                             DEMO SCHOOL DISTRICT                                      PAGE   1
****************************************************************************************************
REMAINING CONTRACTUAL BALANCES BY EMPLOYEE
EMPLOYEE NAME         EMP #   TYPE    EARNING   ACCOUNT             LIMIT           PAID      REMAINING
****************************************************************************************************
ADMINISTRATOR, JILL A    8   ADM12   Contract   A1240150330000    135,000.00      10,384.62     124,615.38
                                                                -------------- -------------- --------------
                                                                  135,000.00      10,384.62     124,615.38

AIDE, TEACHER           11   TA26    Contract   A2110160660000     12,000.00           0.00      12,000.00
                                                                -------------- -------------- --------------
                                                                   12,000.00           0.00      12,000.00

ANNUALIZE, JOSEPH T      9   DRIVE   Contract   A5510160555000     13,000.00       1,238.10      11,761.90
                                                                -------------- -------------- --------------
                                                                   13,000.00       1,238.10      11,761.90

HUDSON, ROCK             5   FS      Contract   A2020160330000     41,954.00       3,995.62      37,958.38
                                                                -------------- -------------- --------------
                                                                   41,954.00       3,995.62      37,958.38

TEACHER, JOHN T          2   SCOCH   COACH      A28551500000        2,000.00         500.00       1,500.00
                             TCH26   Contract   A2110120660000     52,785.00       2,030.19      50,754.81
                                                                -------------- -------------- --------------
                                                                   54,785.00       2,530.19      52,254.81

TEACHER2, SAMANTHA      10   TCH21   Contract   A2110120660000     61,065.00           0.00      61,065.00
                                                                -------------- -------------- --------------
                                                                   61,065.00           0.00      61,065.00
                                                                -------------- -------------- --------------
                                                                  317,804.00      18,148.53     299,655.47
```