HQ 2013

v.5 Payroll: Tips and Tricks

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Shelby Consultant

shelbysystems

Objective

To learn more about the Shelby v.5 Payroll module and payroll processing.

What you will learn in this session:

- How to prepare for Year-End: Printing W2s, matching 941s to W2s, adding non-cash compensation, adding insurance premiums to W2
- How to deal with Christmas bonuses
- Tax rates
- How to reset sick & vacation available amounts
- Accrual calculations
- How to void & reissue payroll checks
- How to reconcile compensation between 941s & GL
- Workers' Compensation reporting & cleanup
- How to set up payroll deductions for contributions
- Helpful payroll queries

Additional Payments: Bonuses, Etc.

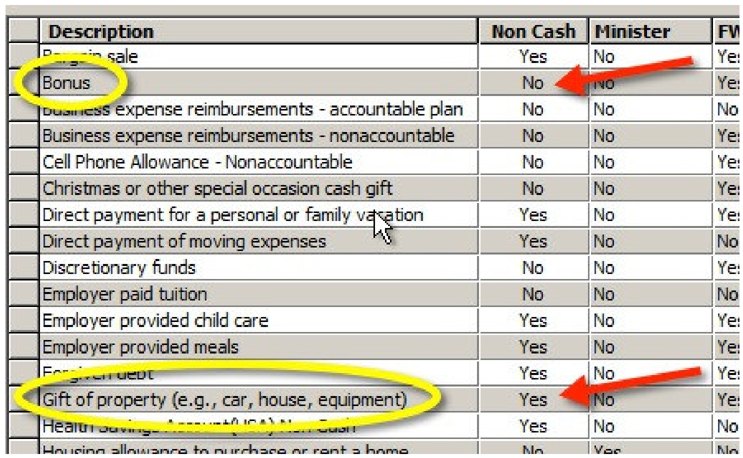
Question 1 - Cash or Non-cash (i.e. Gift cards, previous payments from AP, etc.)?

Question 2 - Are there a Compensation and Distribution Types already set up?

Question 3 - Will this extra pay be included in a regular payroll check or should it be handled separately?

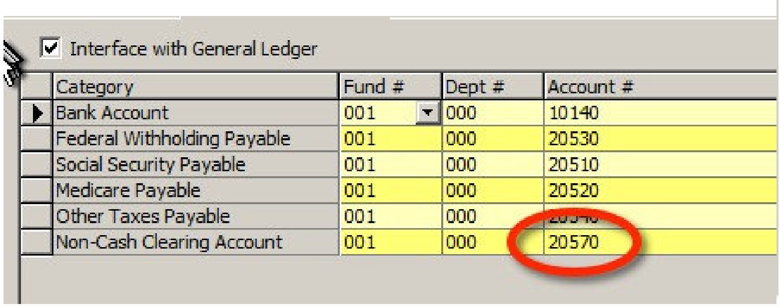
Compensation Distribution Setup Options

Suggested Categories:



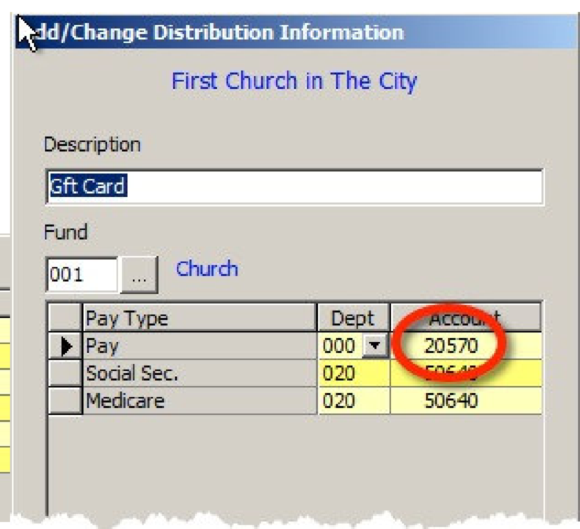
Description	Non Cash	Minister	FW
Bargain sale	Yes	No	Yes
Bonus	No	No	Yes
Business expense reimbursements - accountable plan	No	No	No
Business expense reimbursements - nonaccountable	No	No	Yes
Cell Phone Allowance - Nonaccountable	No	No	Yes
Christmas or other special occasion cash gift	No	No	Yes
Direct payment for a personal or family vacation	Yes	No	Yes
Direct payment of moving expenses	Yes	No	No
Discretionary funds	No	No	Yes
Employer paid tuition	No	No	No
Employer provided child care	Yes	No	Yes
Employer provided meals	Yes	No	Yes
Forgiven debt	Yes	No	Yes
Gift of property (e.g., car, house, equipment)	Yes	No	Yes
Health Savings Account(HSA) Non-Cash	Yes	No	No
Housing allowance to purchase or rent a home	No	Yes	No

For non-cash distributions you are going to want to use the same 'pay' account that was set up on the 'Employer Information' tab. You want to use the regular expense accounts for Social Security and Medicare.



Interface with General Ledger

Category	Fund #	Dept #	Account #
Bank Account	001	000	10140
Federal Withholding Payable	001	000	20530
Social Security Payable	001	000	20510
Medicare Payable	001	000	20520
Other Taxes Payable	001	000	20540
Non-Cash Clearing Account	001	000	20570



Add/Change Distribution Information

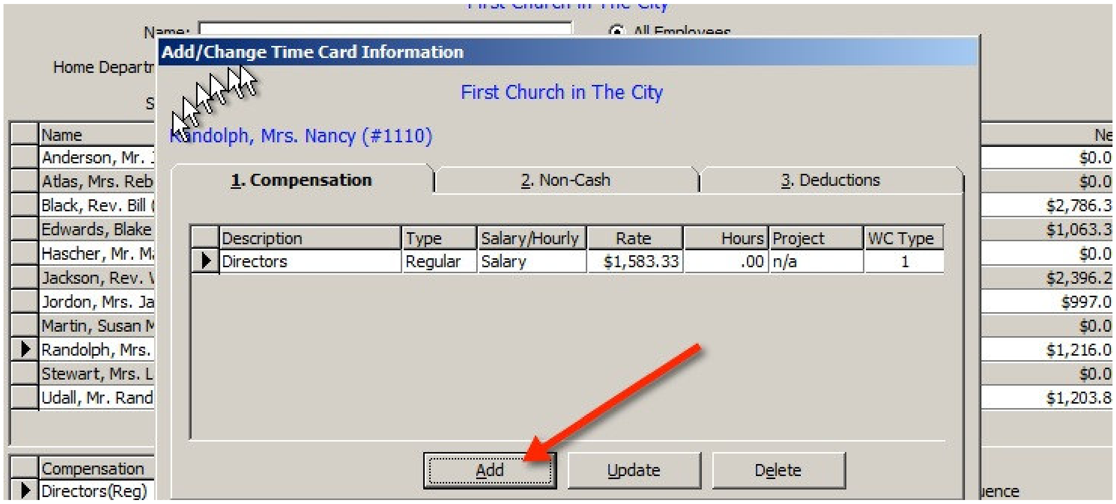
First Church in The City

Description: Gift Card

Fund: 001 Church

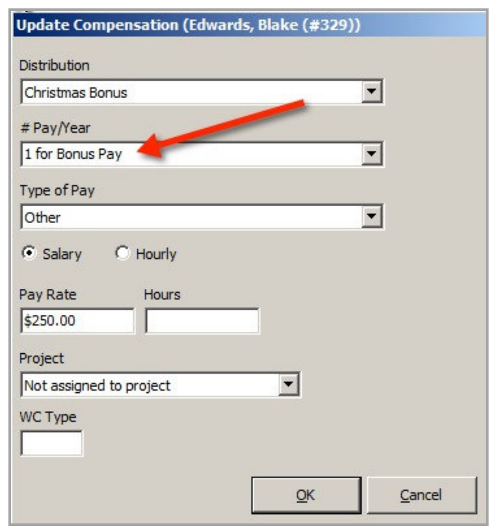
Pay Type	Dept	Account
Pay	000	20570
Social Sec.	020	50640
Medicare	020	50640

Adding to a regular check: - easiest.



This can be used for adding either cash or non-cash compensation.

Separate Bonus Check: The biggest issue is the taxes. To conform to IRS regulations relating to bonuses, Shelby has created a '# Pay/Year' of '1 for Bonus Pay' which results in federal withholding of 25%. For example, a $200 bonus with this setup would result in a net check of $138.70.



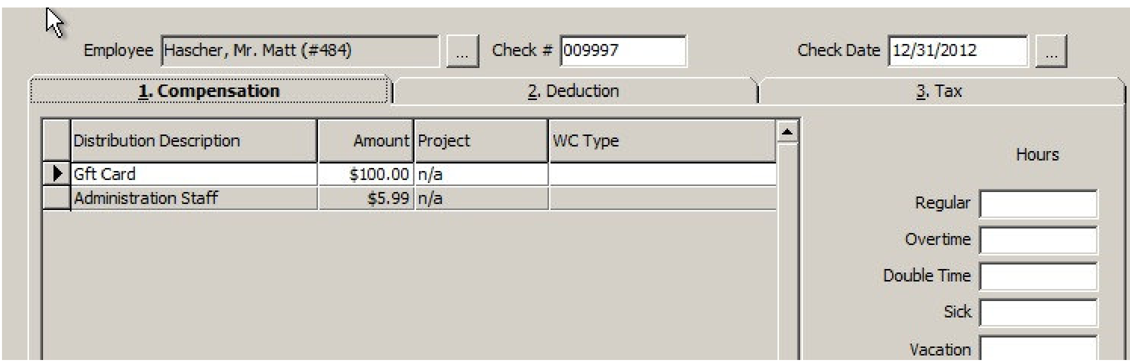
May times it is the goal to only withhold the necessary Social Security and Medicare amounts. While not sanctioned by Shelby, this can be accomplished by changing the '# Pay/Year' to 0.

Should we want the net check in this example to be $200, we would need to divide the desired net amount by .9435 (**Note:** this is the amount that was used for 2012; when the Social Security rate returns to 6.2% we would use .9235) This would result in a Gross Pay of $211.98.

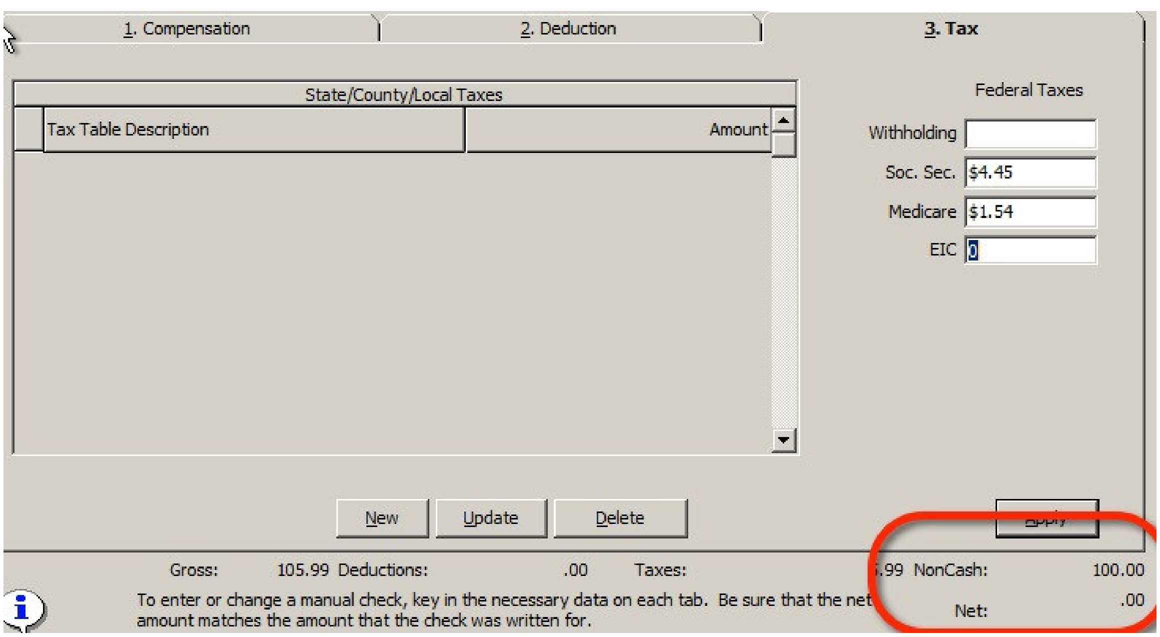
Adding a non-cash amount such as a gift card to an employee's compensation when it is not part of a regular payroll.

Example - $100 gift card. Assuming the recipient is not a pastor, we would have to allow for the associated Social Security and Medicare taxes which are NOT part of the non-cash compensation. This assumes no additional state, local, or federal taxes are to be withheld.

1. Divide the amount of the gift card by .9435 = $<u>105.99</u>
2. Multiply $105.99 X 4.2% = $4.45, which is the Social Security amount
3. Multiply $105.99 X 1.45% = 1.54, which is the Medicare amount (**Note:** The Social Security and Medicare amounts should equal $5.99).
4. We are now ready to process a manual check. In Payroll go to Utility > Manual Check(s).
5. Enter the Employee name, date, and a check number; use a number not in line with your regular checks as this will show up in the Bank Reconciliation module.
6. Enter the amounts for the Gift card and taxes as shown



7. Go to 'Tab 3. Tax' and enter the social security and medicare amounts you calculated above.

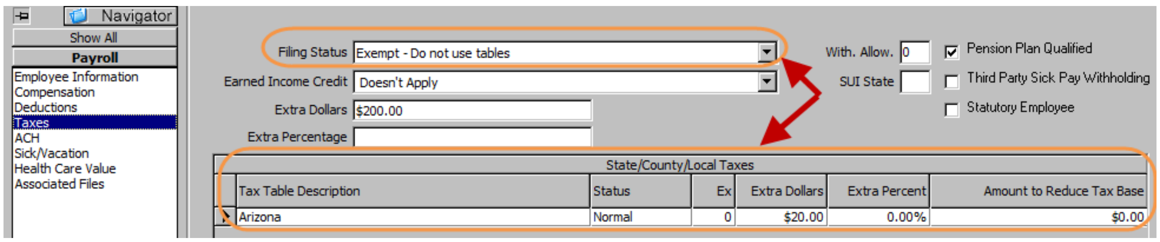


8. If done correctly the Non-Cash amount should be $100.00 and Net $0.00

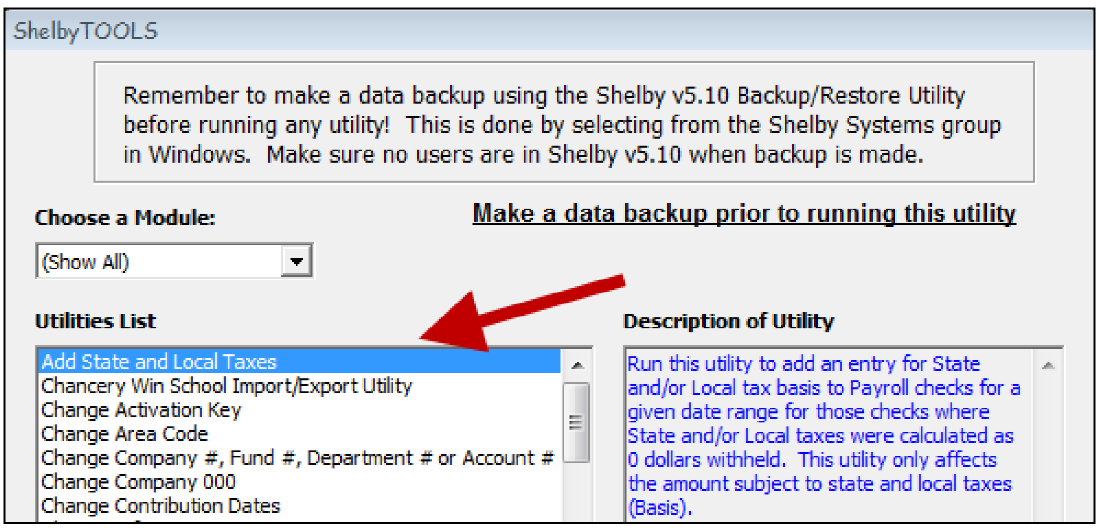
Leaving off State/Local Taxes

- Make sure that all employees have State/Local Taxes, if required.

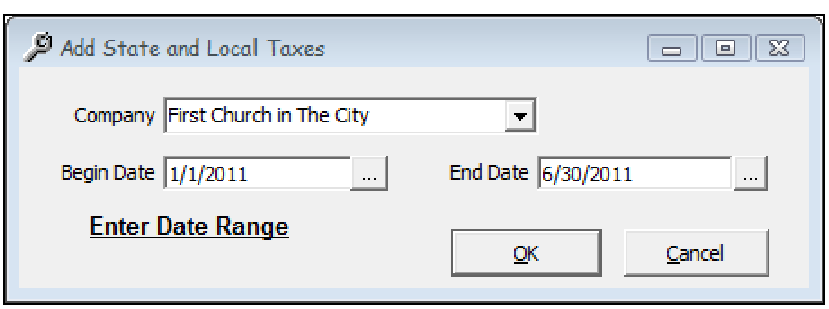
- If you are not withholding state/local taxes from a minister, be sure to put the applicable State/Local tax category on the minister's record and choose "Do Not use Table." This puts the amount that is subject to state tax in box 16, leaving box 17 blank for State income tax withheld and the same for local in box 19 and 20 on form W-2. If desired, the minister can voluntarily have federal and state taxes withheld.



- If the amount of compensation was not included in the amount subject to state and local taxes wage basis, you can correct using ADD STATE AND LOCAL TAXES under Utilities > Shelby Tools.

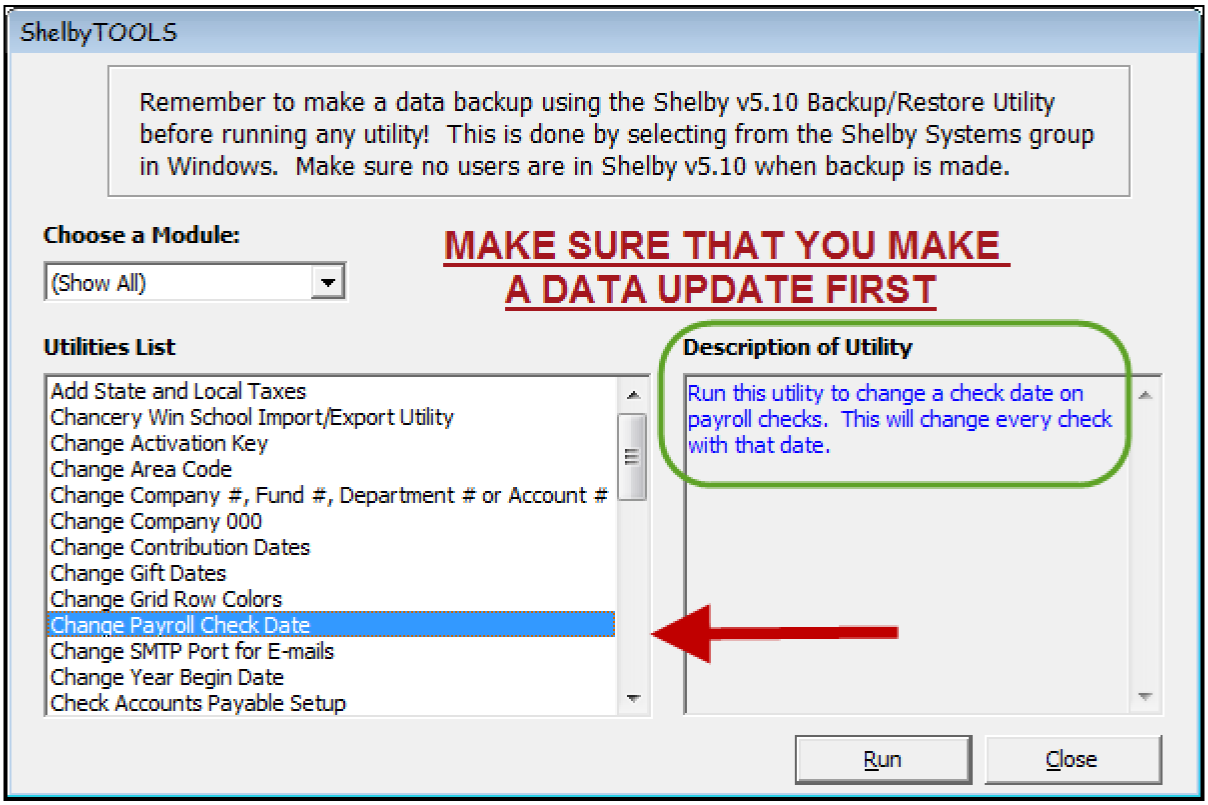


- Enter the date range for period needed to add State/Local Taxes that were missed.



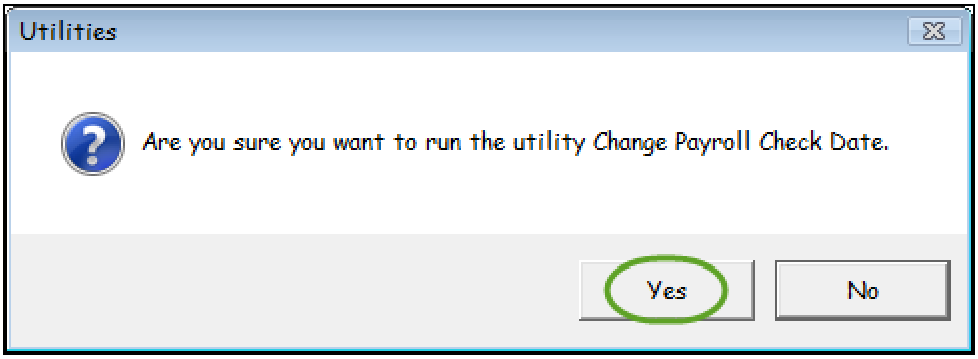
Change Payroll Check Date

- If for some reason a payroll is processed with the wrong check date, Shelby provides a utility to correct.
- From the Shelby Utilities Home Base, go to Shelby Tools and select **Change Payroll Check Date**
- Run this utility to change a check date on payroll checks
- This will change every check with that date.

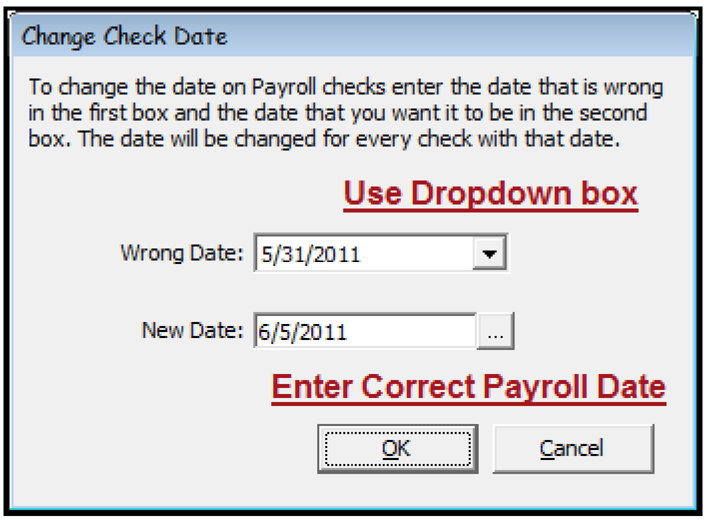


Click "Run."

- On the next screen click “Yes”



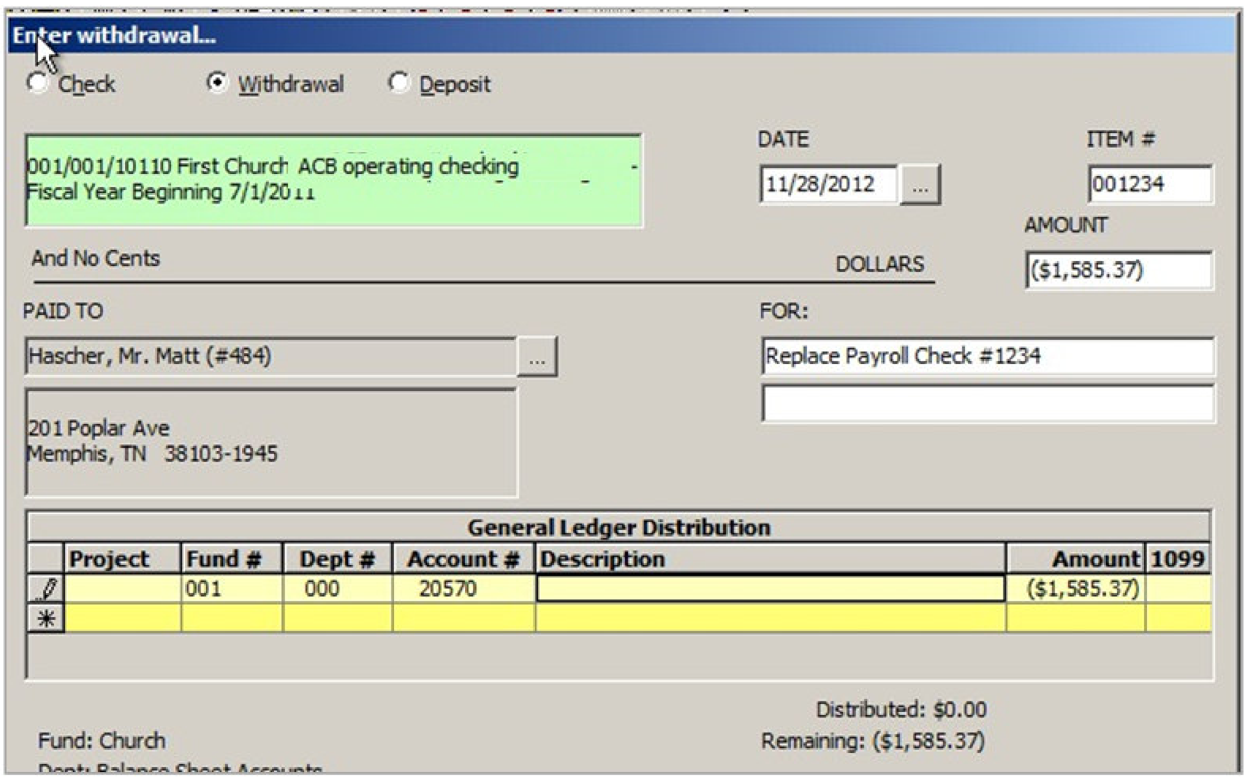
- On the Change Date screen, select the wrong payroll date from the dropdown box, then enter the correct date in the New Date box. Then Click “OK”



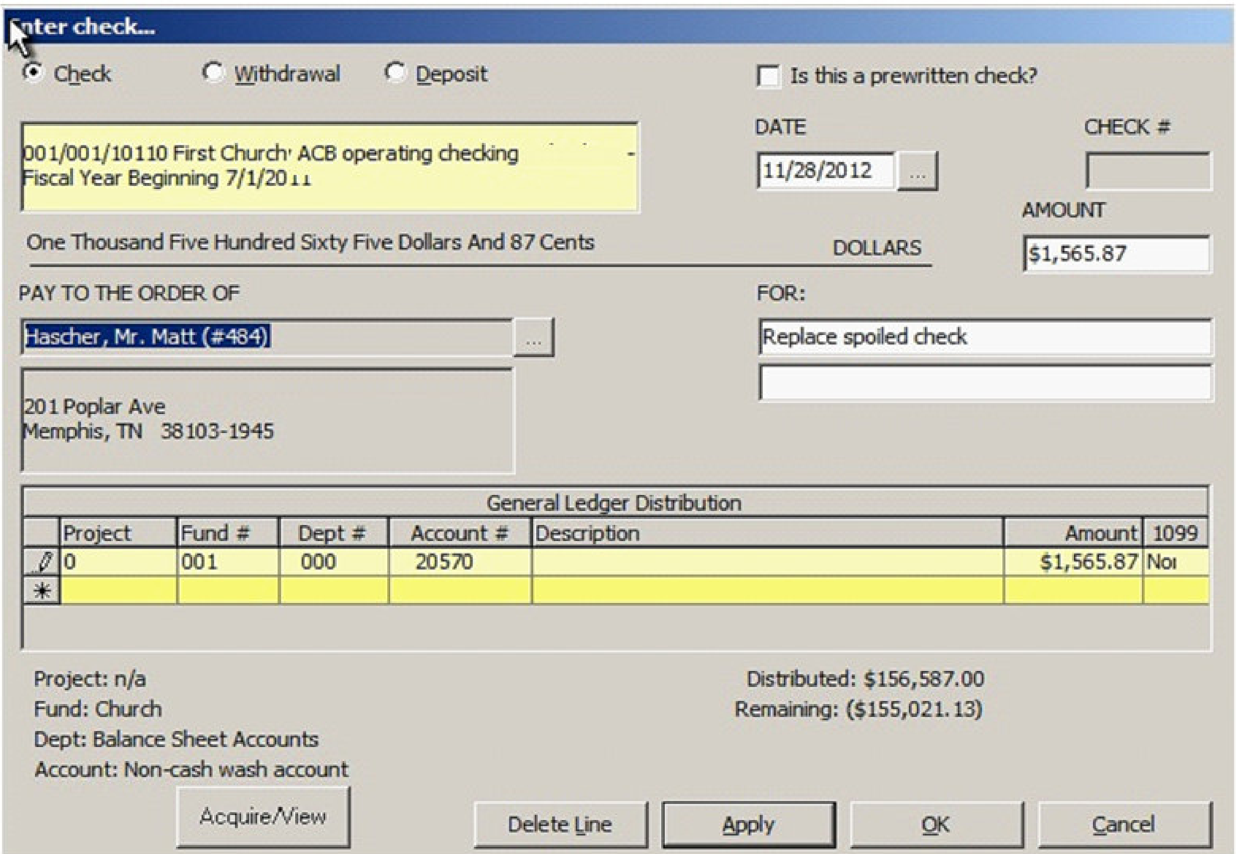
Making Corrections

Replacing a lost or damaged check – use Check Express

- You do not have to use Payroll.
- In Check Express enter a NEGATIVE withdrawal for the net amount of the original check. Distribute the Withdrawal to a clearing/wash account. Both the Journal Entry and Bank Rec entry will wash.
- In the ITEM# field enter the original check number. WHY? When doing your Bank Rec and sorting the Checks/Withdrawals by Item #, the Original Check and this offsetting "Withdrawal" will appear inline together.



- Next enter and print a check to the individual for the net amount of the original check. Distribute to the same clearing/wash account as above and same date.

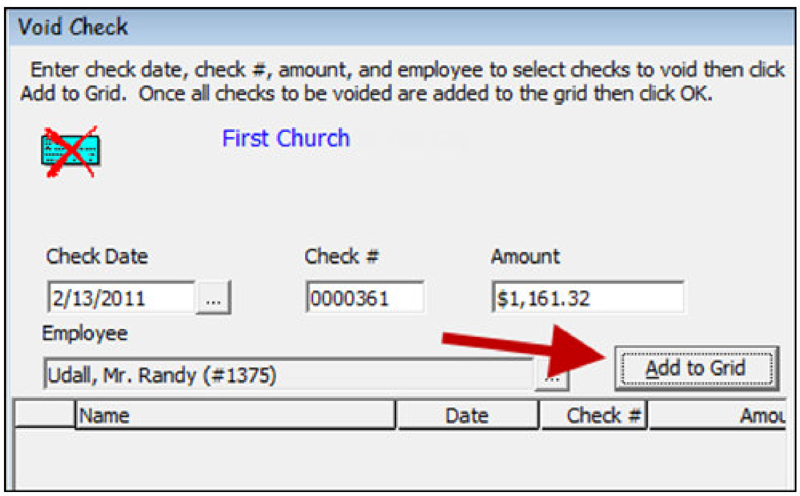


- In Bank Reconciliation, you could go to Outstanding Items, open the original check and note in the description “Replaced by check xxxxx.”

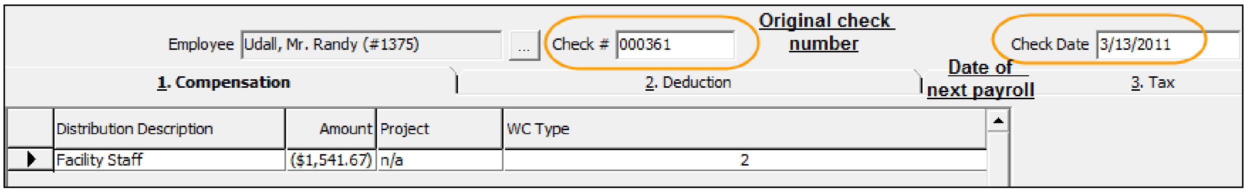
- When the replacement check clears, reconcile the original check and the two Check Express entries.

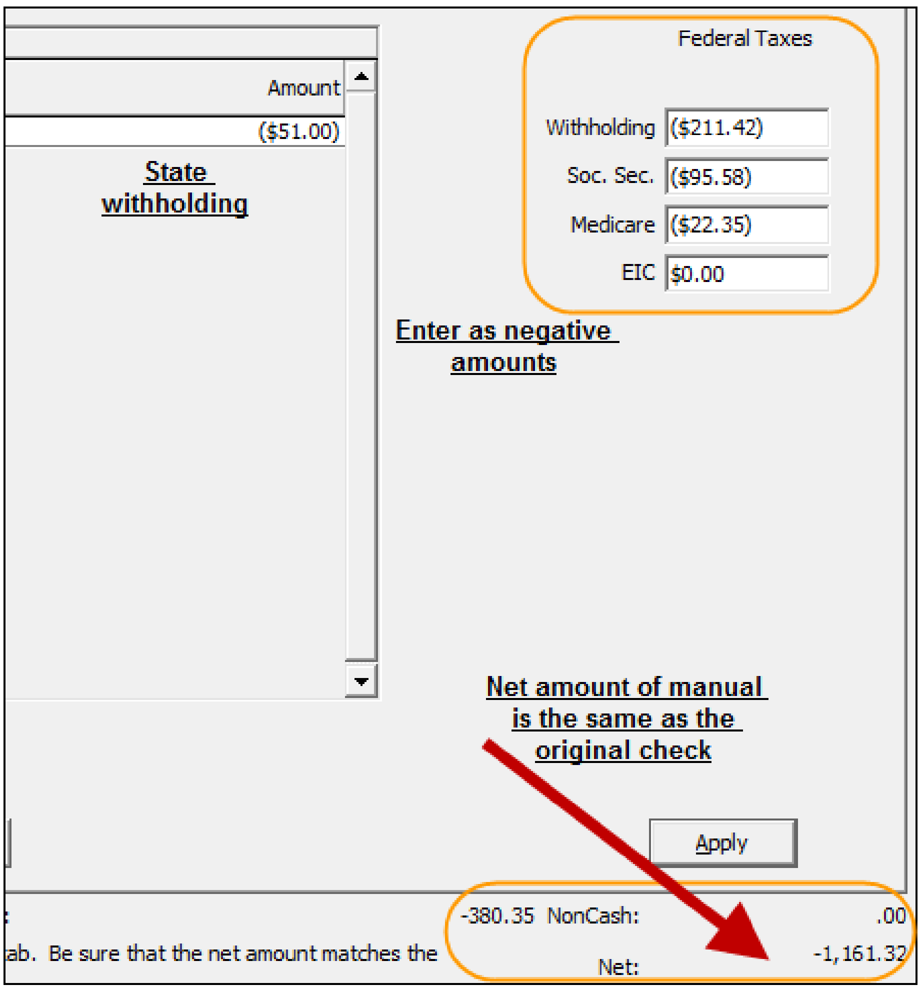
Voiding a Payroll check

- There are two methods for voiding a previously written check: Void Check or Manual Negative Check.
- The method you choose will depend on whether the tax deposit has been made or not. Why? Unlike Accounts Payable, when a Payroll check is voided it CHANGES the original information in Payroll, changing the related tax information, i.e. voiding a check from a previous quarter will change the 941 for that quarter.
- <u>If the tax deposit has **NOT** been made</u>, then use the Void Check option under Utilities.



- <u>If the tax deposit has been made</u>, use the Manual Check option to enter a negative check using the same check number as the original check and ***use the date of your next upcoming payroll for the check date***. This will result in your federal tax deposit being properly calculated. When finished the net amount should be the same as the original check.





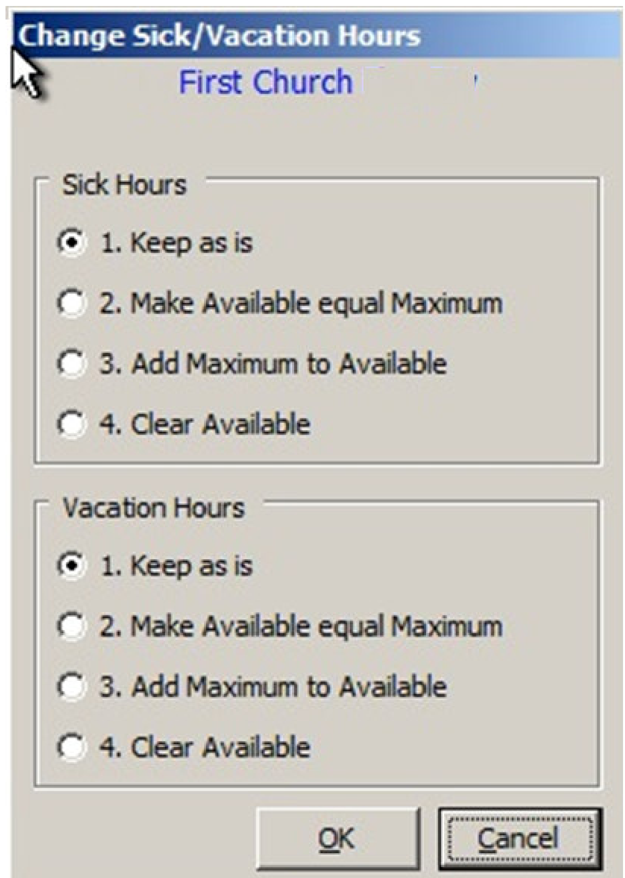
Resetting Sick and Vacation Hours

The first time you go into the Payroll module in the new year you will see this 'Change Sick/Vacation Hours' window. For those churches using Shelby to track Sick and/or Vacation Hours, this utility provides the opportunity to reset the available hours based on the church's personnel policies relating to sick and vacation hours.

What are the results of each of the four choices?

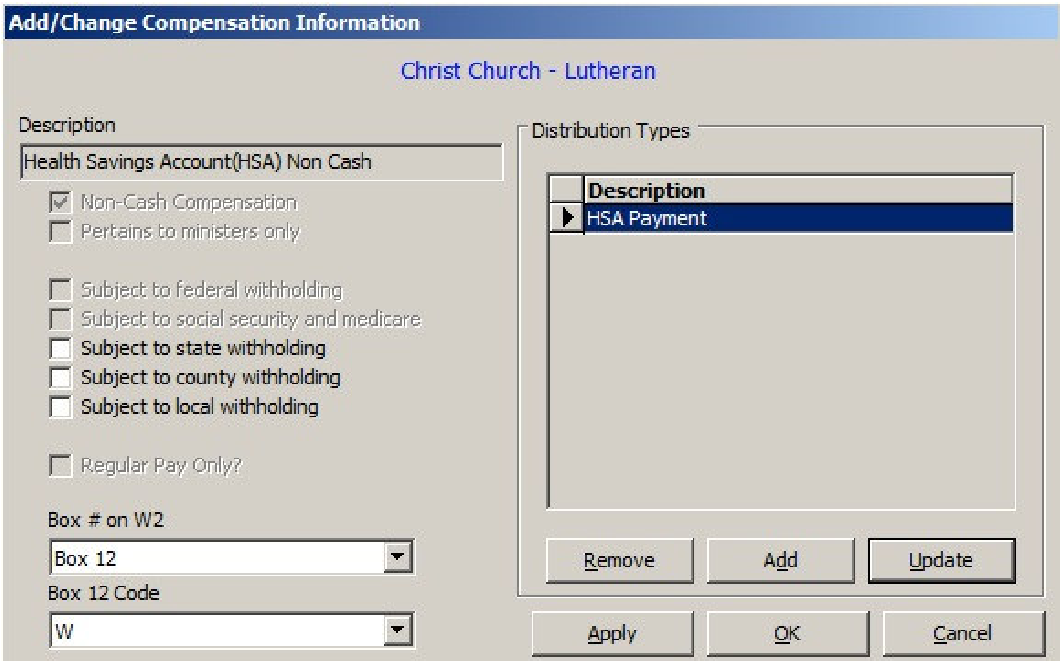
1. **Keep as is** would leave the Hours in the above example unchanged. Based on the setup, this is probably the desired choice for Sick Hours
2. **Make Available equal Maximum**. Selecting this option for the Vacation Hours would reset the Hours to 120. The net effect would be that this employee is losing his 20 unused vacation hours.
3. **Add Maximum to Available**. Selecting this option for the Vacation Hours would reset the Hours to 140. The net effect would be that this employee gets to carry his 20 unused vacation hours over to the new year
4. **Clear Available** resets the Hours to 0.

Note: This utility can be run at any time. It is available through the Utility Menu



Health Savings Account (HSA)

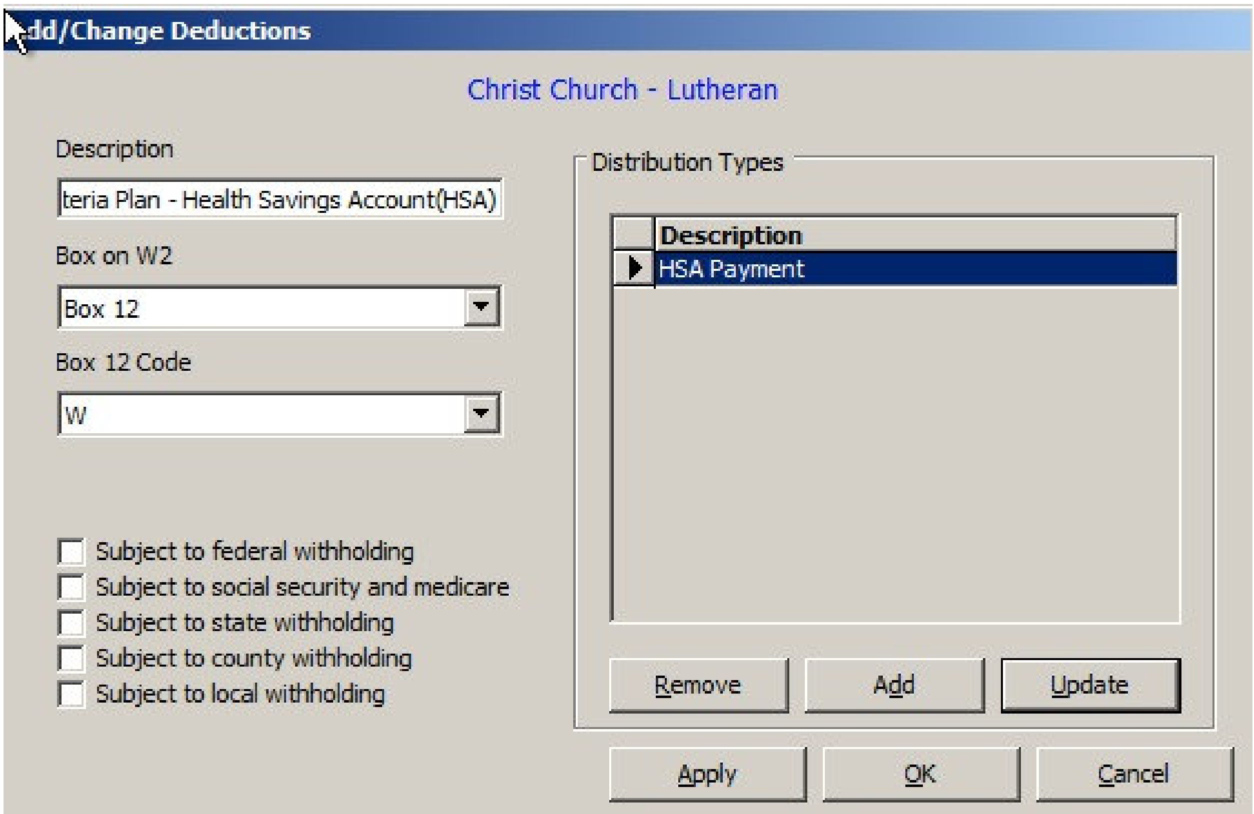
HSA contributions can be funded through employer payments, employee payroll deductions or a combination of both options. In either case, all contributions to an employee's HSA must be reported in box 12 of Form W-2 and coded with a W.



Employer Payments made on the employee's behalf:

- The amount of the employer's contribution can either be recorded with each payroll or a year to date amount can be entered at the end of the calendar year using a manual check.

Employee Contributions through a Payroll Deduction:



- Set up like all other payroll deductions

Cost of employer-sponsored health coverage

The following is an excerpt from the IRS Website (WWW.IRS.GOV)

Form W-2 Reporting of Employer-Sponsored Health Coverage

The Affordable Care Act requires employers to report the cost of coverage under an employer-sponsored group health plan. Reporting the cost of health care coverage on the Form W-2 does not mean that the coverage is taxable. The value of the employer's excludable contribution to health coverage continues to be excludable from an employee's income, and it is not taxable. This reporting is for informational purposes only and will provide employees useful and comparable consumer information on the cost of their health care coverage.
Employers that provide "applicable employer-sponsored coverage" under a group health plan are subject to the reporting requirement. This includes businesses, tax-exempt organizations, and federal, state and local government entities (except with respect to plans maintained primarily for members of the military and their families). However, federally recognized Indian tribal governments are not subject to this requirement.

Transition Relief
For certain employers, types of coverage, and situations, there is transition relief from the requirement to report the value of coverage on the 2012 Forms W-2 (the forms for calendar year 2012 that employers generally are required to provide employees in January 2013). This relief will apply to future calendar years until the IRS publishes additional guidance. However, any guidance that expands the reporting requirements will apply only to calendar years that start at least six months after the guidance is issued. See the "Optional Reporting" column in the below chart for the employers, types of coverage, and situations eligible for the transition relief.

Reporting on the Form W-2
The value of the health care coverage will be reported in Box 12 of the Form W-2, with Code DD to identify the amount. There is no reporting on the Form W-3 of the total of these amounts for all the employer's employees.

In general, the amount reported should include both the portion paid by the employer and the portion paid by the employee. See the chart, below, and the questions and answers for more information.

An employer is not required to issue a Form W-2 solely to report the value of the health care coverage for retirees or other employees or former employees to whom the employer would not otherwise provide a Form W-2.

The chart below illustrates the types of coverage that employers must report on the Form W-2. Certain items are listed as "optional" based on transition relief provided by Notice 2012-9 (restating and clarifying Notice 2011-28). Future guidance may revise reporting requirements but will not be applicable until the tax year beginning at least six months after the date of issuance of such guidance.

The chart reviews the reporting requirements for Box 12, Code DD, and has no impact on requirements to report these items elsewhere. For example, while contributions to Health Savings Arrangements (HSA) are not to be reported in Box 12, Code DD, certain HSA contributions are reported in Box 12, Code W
(see General Instructions for Forms W-2 and W-3).

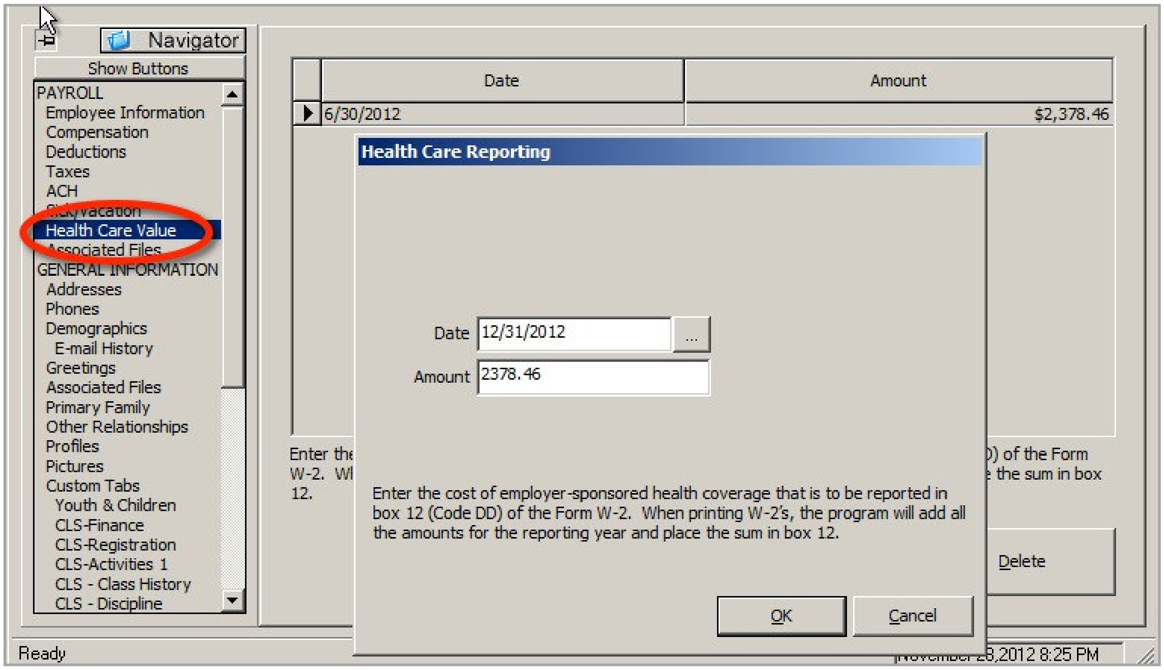
Form W-2 Reporting of Employer-Sponsored Health Coverage			
Coverage Type	**Form W-2, Box 12, Code DD**		
	Report	**Do Not Report**	**Optional**
Major medical	X		
Dental or vision plan not integrated into another medical or health plan			X
Dental or vision plan which gives the choice of declining or electing and paying an additional premium			X
Health Flexible Spending Arrangement (FSA) funded solely by salary-reduction amounts		X	
Health FSA value for the plan year in excess of employee's cafeteria plan salary reductions for all qualified benefits	X		
Health Reimbursement Arrangement (HRA) contributions			X
Health Savings Arrangement (HSA) contributions (employer or employee)		X	

Archer Medical Savings Account (Archer MSA) contributions (employer or employee)		X	
Hospital indemnity or specified illness (insured or self-funded), paid on after-tax basis		X	
Hospital indemnity or specified illness (insured or self-funded), paid through salary reduction (pre-tax) or by employer	X		
Employee Assistance Plan (EAP) providing applicable employer-sponsored healthcare coverage	Required if employer charges a COBRA premium		Optional if employer does not charge a COBRA premium
On-site medical clinics providing applicable employer-sponsored healthcare coverage	Required if employer charges a COBRA premium		Optional if employer does not charge a COBRA premium
Wellness programs providing applicable employer-sponsored healthcare coverage	Required if employer charges a COBRA premium		Optional if employer does not charge a COBRA premium
Multi-employer plans			X
Domestic partner coverage included in gross income	X		
Governmental plans providing coverage primarily for members of the military and their families		X	
Federally recognized Indian tribal government plans and plans of tribally charted corporations wholly owned by a federally recognized Indian tribal government		X	

Self-funded plans not subject to Federal COBRA			X
Accident or disability income		X	
Long-term care		X	
Liability insurance		X	
Supplemental liability insurance		X	
Workers' compensation		X	
Automobile medical payment insurance		X	
Credit-only insurance		X	
Excess reimbursement to highly compensated individual, included in gross income		X	
Payment/reimbursement of health insurance premiums for 2% shareholder-employee, included in gross income		X	
Other Situations	**Report**	**Do Not Report**	**Optional**
Employers required to file fewer than 250 Forms W-2 for the preceding calendar year (determined without application of any entity aggregation rules for related employers)			X
Forms W-2 furnished to employees who terminate before the end of a calendar year and request, in writing, a Form W-2 before the end of that year			X
Forms W-2 provided by third-party sick-pay provider to employees of other employers			X

With changes that occurred in the passage of the Health Care Bill, the cost of employer-sponsored health coverage must be recorded on the employee's W-2.

- Beginning in 2012, the cost of employer-sponsored health coverage must be reported on the employee's W-2 in Box 12 coded DD if you file 250 or more W-2s.
- This amount can be entered under employee information "HEALTH CARE VALUE"

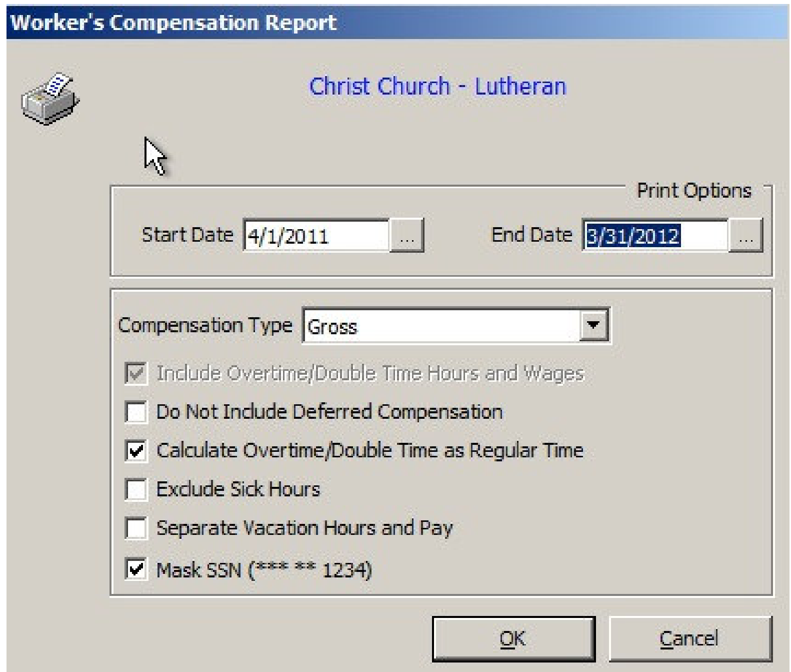


- The cost of the coverage can either be recorded with each payroll, periodically or at the end of the calendar year. The date that is entered will be used when running your W-2s.

Worker's Compensation Report and Cleanup

The Report. Select the desired date range and options.

Each Code prints on a separate page with totals for each code.



The result:

Run Date 11/28/2012
Time 20:40:20

Christ Church - Lutheran
Worker's Compensation Report
From 4/1/2011 to 3/31/2012 For Code:(C)

Page 6

Soc. Sec. #	Name	Total Wages	W/C Wages	Hours
*** ** 7549	Acosta, Mr. Juan Samaniego	14,337.39	14,305.95	1,050.57
*** ** 6949	Campbell, Mr. Christopher	392.05	392.05	34.09
*** ** 3010	Doyle, Mr. Jonathan -Jon	2,785.00	2,785.00	.00
*** ** 0215	Greder, Mr. Gary L.	240.00	240.00	.00
*** ** 1646	Greder, Joel Behling	340.00	340.00	.00
*** ** 1048	Jurincie, Ms. Rita Jane-Jane	443.10	443.10	44.31
*** ** 0005	Kirk, Brian	8,295.57	8,295.57	350.48
*** ** 9183	Kirk, Mr. David B.	25,474.04	24,927.97	1,135.47
*** ** 2103	Lewandowski, Mr. William -Bill	15,430.47	15,227.38	1,080.31
*** ** 5697	Lewandowski, Mr. William Jonathan C	1,982.52	1,982.52	172.39
*** ** 5488	Lindemood, Mr. Brett	40.00	40.00	.00
*** ** 8121	McKinn, Mr. Arthur	211.20	211.20	14.08
*** ** 0632	Merritt, Mr. Jeremy A	1,245.00	1,245.00	.00
*** ** 0389	Merritt, Mr. Robert -Bob	38,383.49	38,383.49	.00
*** ** 7732	Nixon, Mr. Robert -Bob	565.77	565.77	42.85
*** ** 7158	Pearlman, Mr. Merrill	16,610.77	16,472.36	1,069.26
		------------	------------	------------
Totals for (C)		126,776.37	125,857.35	4,993.81
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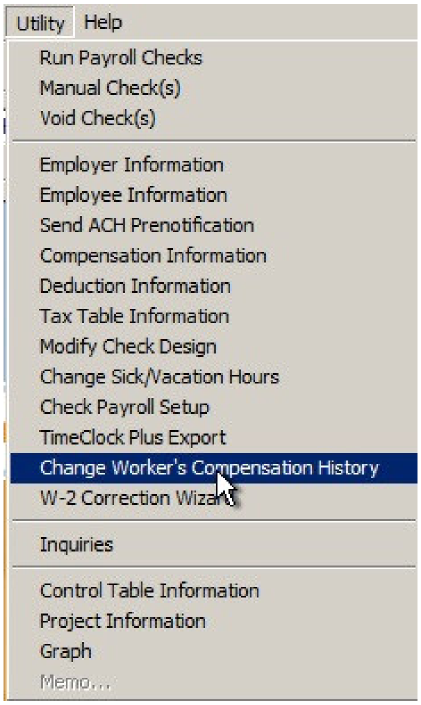
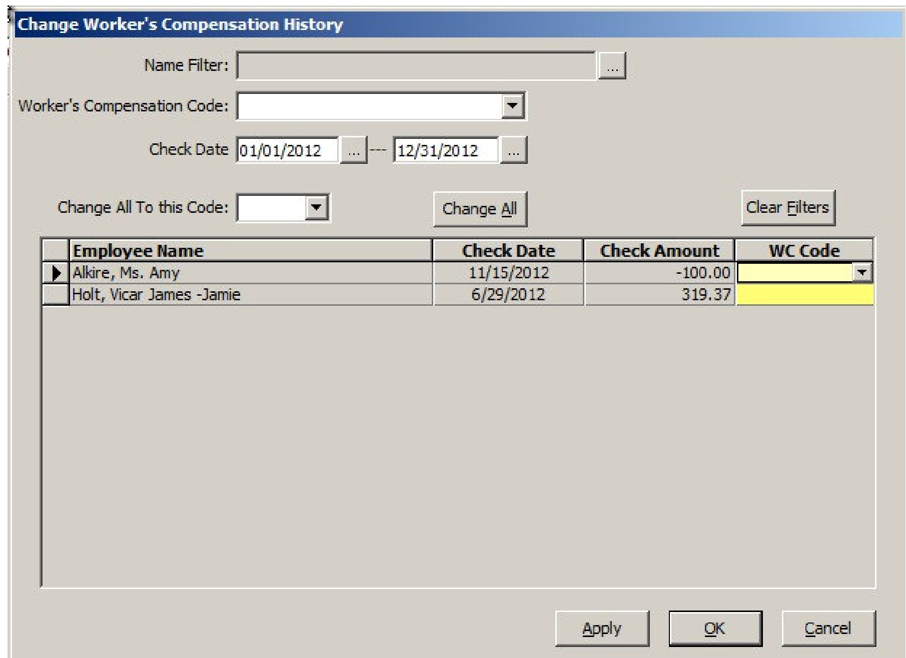
Making Code Corrections. From time to time it may be necessary to make corrections to the codes assigned to payroll checks. There is a utility that makes this possible:





Helpful Queries

YTD Compensation

NameCounter	Employee	Gen	Marita	Birthdate	Home	Employment	Work Status	HireDate	YTD Pay	YTD Housing
13104	[redacted]	F	U	12/7/1995	Church	Terminated	Full Time	6/21/2010	$70.76	
13102	[redacted]	F	M	8/12/1962	School	Terminated	Part Time	12/12/2006	$1,728.19	
13103	[redacted]	M	U	10/10/1993	Church	Terminated	Part Time	6/2/2008	$1,020.46	
1605	[redacted]	F	M	6/12/1956	School	Active	Full Time	8/16/1990	$34,890.33	$5,416.63
2176	[redacted]	F	M	6/12/1963	School	Active	Part Time	8/1/2005	$13,500.59	
4569	[redacted]	M	M	8/3/1957	School	Active	Full Time	8/1/1997	$18,293.55	$16,250.00
4573	[redacted]	M	U	11/6/1995	Church	Active	Part Time	5/31/2011	$300.00	
4572	[redacted]	F	S	2/1/1993	Church	Active	Part Time	6/2/2008	$2,193.13	
20113	[redacted]	F	U	6/29/1993	Church	Active	Part Time	6/1/2010	$1,848.60	
5826	[redacted]	M	M	4/11/1982	School	Active	Full Time	8/1/2008	$22,472.68	
13613	[redacted]	F	M	7/13/1971	School	Active	Part Time	8/1/2010	$1,307.13	
17462	[redacted]	F	U	6/1/1995	Church	Active	Part Time	6/7/2009	$672.00	
18022	[redacted]	F	U	2/13/1992	Church	Active	Part Time	9/27/2009	$768.00	
10704	[redacted]	F	M	3/31/1952	School	Active	Full Time	12/16/1994	$22,522.48	
1696	[redacted]	F	M	4/3/1944	School	Active	Part Time	7/1/2007	$278.58	
1695	[redacted]	M	M	2/10/1950	School	Active	Full Time	2/16/1976	$29,033.73	$8,125.00
20644	[redacted]	M	M	10/21/1983	Church	Active	Full Time	8/6/2010	$23,439.50	
14416	[redacted]	M	U	9/1/1994	Church	Active	Part Time	6/15/2009	$191.26	
14154	[redacted]	F	M	4/22/1978	Church	Active	Part Time	9/23/2008	$35.53	
21620	[redacted]	M	M	5/27/1986	School	Active	Full Time	8/1/2011	$13,590.12	$5,687.50

Employee Anniversaries - 5 year

FirstMiddle	LastName	Descr	Work Status	Hired	Status
Sharon A.	[redacted]	North Bible Church	Fulltime	1/2/2007	A
[illegible]	[redacted]	DVBC - Administratio	Parttime	3/1/2007	A
use click for printing o	[redacted]	Student Ministries	Fulltime	3/27/2007	A
Kelly	[redacted]	Outreach Ministry	Fulltime	4/4/2007	A
Bruce	[redacted]	Facilities	Fulltime	5/1/2007	A
Frederick R	[redacted]	Facilities	Fulltime	7/2/2007	A
Kirsten	[redacted]	North Bible Church	Fulltime	8/2/2007	A
John	[redacted]	Facilities	Parttime	9/24/2007	A
Alejandro	[redacted]	Facilities	Fulltime	10/1/2007	A
Lorraine	[redacted]	Connections/Womer	Fulltime	10/8/2007	A
Jamie	[redacted]	Pastoral Ministries	Fulltime	10/22/2007	A
Carol	[redacted]	Women's Childcare	Parttime	11/4/2007	A

Federal Tax Rates

LastName	FirstMiddle	Descr	FilingStatus	ExtraFedDol	Allowances
[redacted]	use click for options.	Women's Childcare	Married	$0.00	4
[redacted]	Elsa	Women's Childcare	Single	$0.00	1
[redacted]	Larry G.	North Bible Church	Exempt	$634.95	4
[redacted]	William L.	Finance Ministry	Married	$0.00	3
[redacted]	Matthew McRae	North Bible Church	Exempt	$0.00	0
[redacted]	Kevin M.	Technical	Married	$0.00	8
[redacted]	Kim S.	Outreach Ministry	Married	$0.00	0
[redacted]	Joseph N	Facilities	Married	$0.00	0
[redacted]	Cynthia J	Women's Childcare	Married	$0.00	1
[redacted]	Rachel	Women's Childcare	Single	$0.00	1
[redacted]	Don V.	Technical	Exempt	$625.27	0
[redacted]	Jesus Manuel	Facilities	Married	$0.00	1
[redacted]	Raymond D.	Pastoral Ministries	Exempt	$0.00	40
[redacted]	Rachel D.	Counseling	Single	$50.00	0
[redacted]	Frederic George	Outreach Ministry	Exempt	$735.00	1

New Hire Report for Selected Date Range

NEW HIRE REPORT

Employee		Soc Sec #	Hire Date	Birth Date
Elsa	[redacted]	[redacted]	09/14/10	09/03/69
15757 N 90th Pl Apt 1080	Scottsdale AZ 85260-2057			
Matthew McRae	[redacted]	[redacted]	08/08/10	11/01/91
10058 E Redfield Dr	Scottsdale AZ 85260-7561			
Mikki Anne S	[redacted]	[redacted]	09/01/10	02/26/88
34000 N 27th Dr unit 1032	Phoenix AZ 85085			
Christina	[redacted]	[redacted]	09/01/10	04/06/83

Employee Overtime Report

Overtime Report

11/29/2012

Employee		O/T Hours	O/T Pay
Baltzer, Susan			
	7/30/2010	2.00	$53.67
			$53.67
Brown, Christopher M.			
	9/15/2010	18.00	$689.31
	9/30/2010	8.00	$306.36
	9/30/2010	8.00	$306.36
	10/29/2010	16.00	$612.72
	11/15/2010	6.00	$229.77
	12/15/2010	26.00	$995.67
			$3,140.19
Gomez, Maria A			
	8/13/2010	0.57	$11.70
	8/31/2010	0.77	$15.80
	9/15/2010	0.07	$1.44
	9/30/2010	1.02	$20.93
	10/15/2010	0.35	$7.18
	10/29/2010	0.32	$6.57
			$63.62

Reconciling Compensation between your 941s and the General Ledger

Step 1 - Query to PR Journal Entries in the General Ledger

```
SELECT [Shelby].[GLEntries].BeginDate
        , [Shelby].[GLEntries].HeadDescr
        , [Shelby].[GLEntries].JVNu
        , CASE [Shelby].[GLEntries].Period
                WHEN 1 THEN 'Jan'
                WHEN 2 THEN 'Feb'
                WHEN 3 THEN 'Mar'
                WHEN 4 THEN 'Apr'
                WHEN 5 THEN 'May'
                WHEN 6 THEN 'Jun'
                WHEN 7 THEN 'Jul'
                WHEN 8 THEN 'Aug'
                WHEN 9 THEN 'Sep'
                WHEN 10 THEN 'Oct'
                WHEN 11 THEN 'Nov'
                WHEN 12 THEN 'Dec'
                ELSE 'Error'
        END AS Period
        , [Shelby].[GLDetail].DeptNu, [Shelby].[GLDetail].AcctNu
        , [Shelby].[GLDetail].Amt
        , [Shelby].[GLDetail].GLDate
        , [Shelby].[GLAcct].Descr
FROM [Shelby].[GLEntries]
 INNER JOIN [Shelby].[GLDetail] ON [Shelby].[GLEntries].HeaderCounter = [Shelby].[GLDetail].HeaderCounter
 LEFT JOIN [Shelby].[GLAcct] on [Shelby].[GLDetail].DeptNu = [Shelby].[GLAcct].DeptNu
        AND     [Shelby].[GLDetail].AcctNu = [Shelby].[GLAcct].AcctNu
        AND     [Shelby].[GLDetail].FundNu = [Shelby].[GLAcct].FundNu
        AND     [Shelby].[GLDetail].BeginDate = [Shelby].[GLAcct].BeginDate

WHERE (([Shelby].[GLEntries].[JType] = 'PR')  AND ([Shelby].[GLEntries].[BeginDate] = '1/1/2011') )
ORDER BY [Shelby].[GLDetail].GLDate
```

NOTE: This query is designed for a calendar year reconciliation. I also have available a modified query for July - June fiscal years.

Step 2 - Build a Pivot Table to group the data by Quarter

Sum of Amt			GLDate				
DeptNu	AcctNu	Descr	Qtr1	Qtr2	Qtr3	Qtr4	Grand Total
10	61020	Executive Minister	$15,611.32	$13,846.20	$16,153.90	$10,863.80	$56,475.22
	61030	Directors	$10,800.00	$9,200.00	$11,200.00	$10,000.00	$41,200.00
	62010	Secretarial	$16,564.68	$17,793.62	$22,835.09	$20,474.58	$77,667.97
	62110	Custodial	$24,260.37	$17,474.33	$19,659.65	$16,188.78	$77,583.13
	62220	Church Cook	$276.87				$276.87
	64010	Employer FICA/Medicare	$3,970.62	$3,401.88	$4,107.72	$3,569.86	$15,050.08
	64015	Pastoral FICA Allowance	$353.08	$2,118.48	$2,471.56	$1,624.16	$6,567.28
20	61030	Directors	$0.00	$5,538.58	$9,692.27	$8,307.66	$23,538.51
	62210	Musicians	$17,071.58	$15,244.95	$16,776.85	$13,976.08	$63,069.46
	64010	Employer FICA/Medicare	$1,306.10	$1,166.28	$1,304.96	$1,069.26	$4,846.60
	64015	Pastoral FICA Allowance		$847.30	$1,482.95	$1,271.10	$3,601.35
	68600	Multi-media Consultation			$280.00		$280.00
30	61030	Directors		$5,538.36	$9,692.34	$8,307.72	$23,538.42
	64015	Pastoral FICA Allowance		$847.30	$1,482.95	$1,271.10	$3,601.35
40	62010	Secretarial	$450.46	$386.04	$450.38	$386.04	$1,672.92
	64010	Employer FICA/Medicare	$34.44	$29.52	$34.44	$29.52	$127.92
50	61030	Directors	$5,773.94	$5,538.36	$5,538.48		$16,850.78
	64015	Pastoral FICA Allowance		$847.30	$847.40		$1,694.70
70	61010	Senior Pastor	$41,277.42	$31,439.04	$36,678.88	$31,439.04	$140,834.38
	61040	Counselor	$3,234.10	$4,136.25	$4,927.50	$4,050.00	$16,347.85
	62020	Exec Support EM/Pastor	$10,769.26	$9,088.75	$7,845.15	$11,384.56	$39,087.72
	64010	Employer FICA/Medicare	$831.23	$858.23	$782.99	$1,020.09	$3,492.54
	64015	Pastoral FICA Allowance	$766.38	$4,598.28	$5,364.66	$4,598.28	$15,327.60
	92070	Gifts/Recognitions			$421.00	$1,516.60	$1,937.60
Grand Total			$153,351.85	$149,939.05	$180,031.12	$151,348.23	$634,670.25

Wages & Housing	$ 147,209.46	$ 144,483.14	$ 173,801.01	$ 145,659.50	$ 611,153.11
Housing Allowances	$ 17,164.68	$ 27,844.85	$ 28,198.16	$ 28,697.81	$ 101,905.50
Taxable Income	$ 130,044.78	$ 116,638.29	$ 145,602.85	$ 116,961.69	$ 509,247.61
941 - Line 1	$ 110,026.24	$ 136,426.83	$ 122,378.08	$ 140,056.46	$ 508,887.61
					$ 360.00

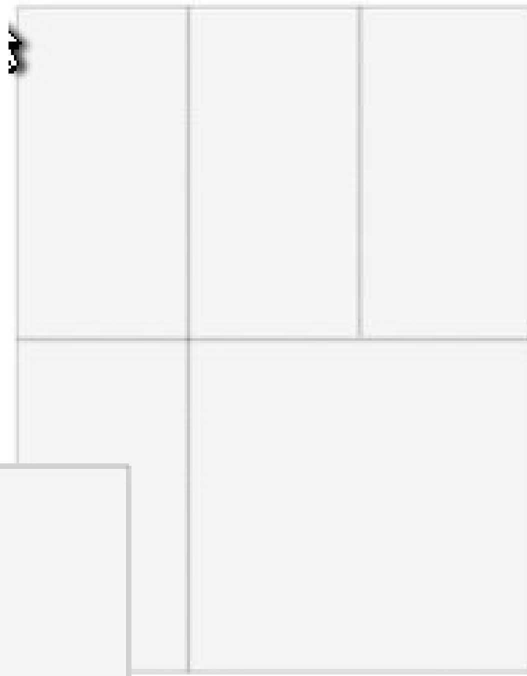
Step 3 - Analyze and Explain Variances

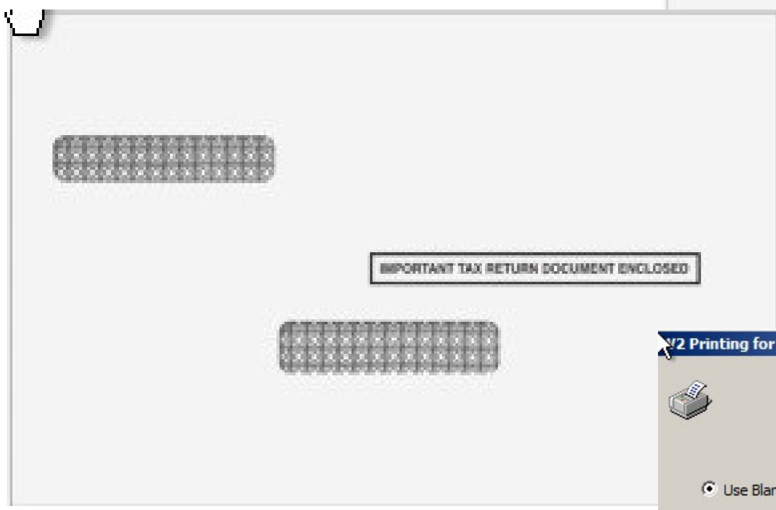
								LESS	PLUS		Per		
Sum of Amt			GLDate					2008 Alloc.	2009 EOY	Adjusted	Trial Balance	Variance	
DeptNu	AcctNu	Descr	Qtr1	Qtr2	Qtr3	Qtr4	Grand Total						
10	61020	Executive Minister	$15,611.32	$13,846.20	$16,153.90	$10,863.80	$56,475.22	$1,611.90		$54,863.32	$ 58,613.45	$ 3,750.13	3903.55 Back pay into retirement account
	61030	Directors	$10,800.00	$9,200.00	$11,200.00	$10,000.00	$41,200.00	$1,200.00	$1,732.50	$41,732.50	$ 41,732.50	$ -	
	62010	Secretarial	$16,564.68	$17,793.62	$22,835.09	$20,474.58	$77,667.97		$2,796.80	$80,464.77	$ 78,852.87	$ (1,611.90)	Non-cash compensation
	62110	Custodial	$24,260.37	$17,474.33	$19,659.65	$16,188.78	$77,583.13	$2,620.80	$1,836.50	$76,798.83	$ 76,788.83	$ (10.00)	
	62220	Church Cook	$276.87				$276.87	$69.19		$207.68	$ 207.68	$ -	
	64010	Employer FICA/Medicare	$3,970.62	$3,401.88	$4,107.72	$3,569.86	$15,050.08			$15,050.08	$ 15,209.30	$ 159.22	
	64015	Pastoral FICA Allowance	$353.08	$2,118.48	$2,471.56	$1,624.16	$6,567.28			$6,567.28	$ 8,332.60	$ 1,765.32	
20	61030	Directors	$0.00	$5,538.58	$9,692.27	$8,307.66	$23,538.51	$514.97	$1,107.80	$24,131.34	$ 24,131.34	$ -	
	62210	Musicians	$17,071.58	$15,244.95	$16,776.85	$13,976.08	$63,069.46	$801.50	$1,473.22	$63,741.18	$ 65,403.86	$ 1,662.68	Other non-staff musicians
	64010	Employer FICA/Medicare	$1,306.10	$1,166.28	$1,304.96	$1,069.26	$4,846.60			$4,846.60	$ 4,846.60	$ -	
	64015	Pastoral FICA Allowance		$847.30	$1,482.95	$1,271.10	$3,601.35		$169.40	$3,770.75	$ 3,770.75	$ -	
	68600	Multi-media Consultation			$280.00		$280.00			$280.00	$ 5,908.50	$ 5,628.50	non-staf disbursements
30	61030	Directors		$5,538.36	$9,692.34	$8,307.72	$23,538.42		$1,107.60	$24,646.02	$ 24,646.02	$ -	
	64015	Pastoral FICA Allowance		$847.30	$1,482.95	$1,271.10	$3,601.35		$169.40	$3,770.75	$ 3,770.75	$ -	
40	62010	Secretarial	$450.46	$386.04	$450.38	$386.04	$1,672.92	$48.32	$51.54	$1,676.14	$ 8,648.14	$ 6,972.00	Bethel LLC - Bobby Thompson Consulting
	64010	Employer FICA/Medicare	$34.44	$29.52	$34.44	$29.52	$127.92			$127.92	$ 127.92	$ -	
50	61030	Directors	$5,773.94	$5,538.36	$5,538.48		$16,850.78	$1,443.53		$15,407.25	$15,407.25	$ -	
	64015	Pastoral FICA Allowance		$847.30	$847.40		$1,694.70			$1,694.70	$ 1,694.70	$ -	
70	61010	Senior Pastor	$41,277.42	$31,439.04	$36,678.88	$31,439.04	$140,834.38	$4,463.07	$4,482.00	$140,853.31	$ 135,964.91	$ (4,888.40)	1- offset
	61040	Counselor	$3,234.10	$4,136.25	$4,927.50	$4,050.00	$16,347.85	$550.00	$350.00	$16,147.85	$ 16,147.85	$ -	
	62020	Exec Support EM/Pastor	$10,769.26	$9,088.75	$7,845.15	$11,384.56	$39,087.72	$1,153.88	$1,230.80	$39,164.64	$ 39,164.64	$ -	
	64010	Employer FICA/Medicare	$831.23	$858.23	$782.99	$1,020.09	$3,492.54			$3,492.54	$ 3,492.54	$ -	
	64015	Pastoral FICA Allowance	$766.38	$4,598.28	$5,364.66	$4,598.28	$15,327.60		$613.20	$15,940.80	$ 20,539.20	$ 4,598.40	1-offset
	92070	Gifts/Recognitions			$421.00	$1,516.60	$1,937.60			$1,937.60	$ 2,250.06	$ 312.46	Non-staff gifts
Grand Total			$153,351.85	$149,939.05	$180,031.12	$151,348.23	$634,670.25						
												$ 18,338.41	
		Wages & Housing	$ 147,209.46	$ 144,483.14	$ 173,801.01	$ 145,659.50	$ 611,153.11						
		Housing Allowances	$ 17,164.68	$ 27,844.85	$ 28,198.16	$ 28,697.81	$ 101,905.50						
		Taxable Income	$ 130,044.78	$ 116,638.29	$ 145,602.85	$ 116,961.69	$ 509,247.61						
		941 - Line 1	$ 110,026.24	$ 136,426.83	$ 122,378.08	$ 140,056.46	$ 508,887.61						
							$ 360.00						

Year End Preparations

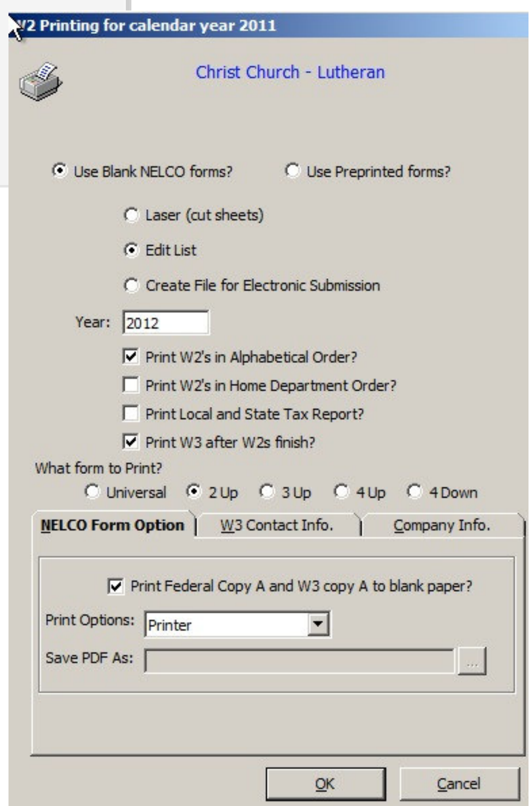
Now:

- Order your forms if you have not already done so. I recommend the NELCO B4PERF05 Universal blank forms which can also be used for your 1099s. The envelopes are FORM 1970 or 1970S if you want the self-seal option. You do NOT need to purchase forms for the Federal or State copies; they can be printed on blank paper. You do need the red preprinted 1099 and 1096 forms for filing with the Social Security office.



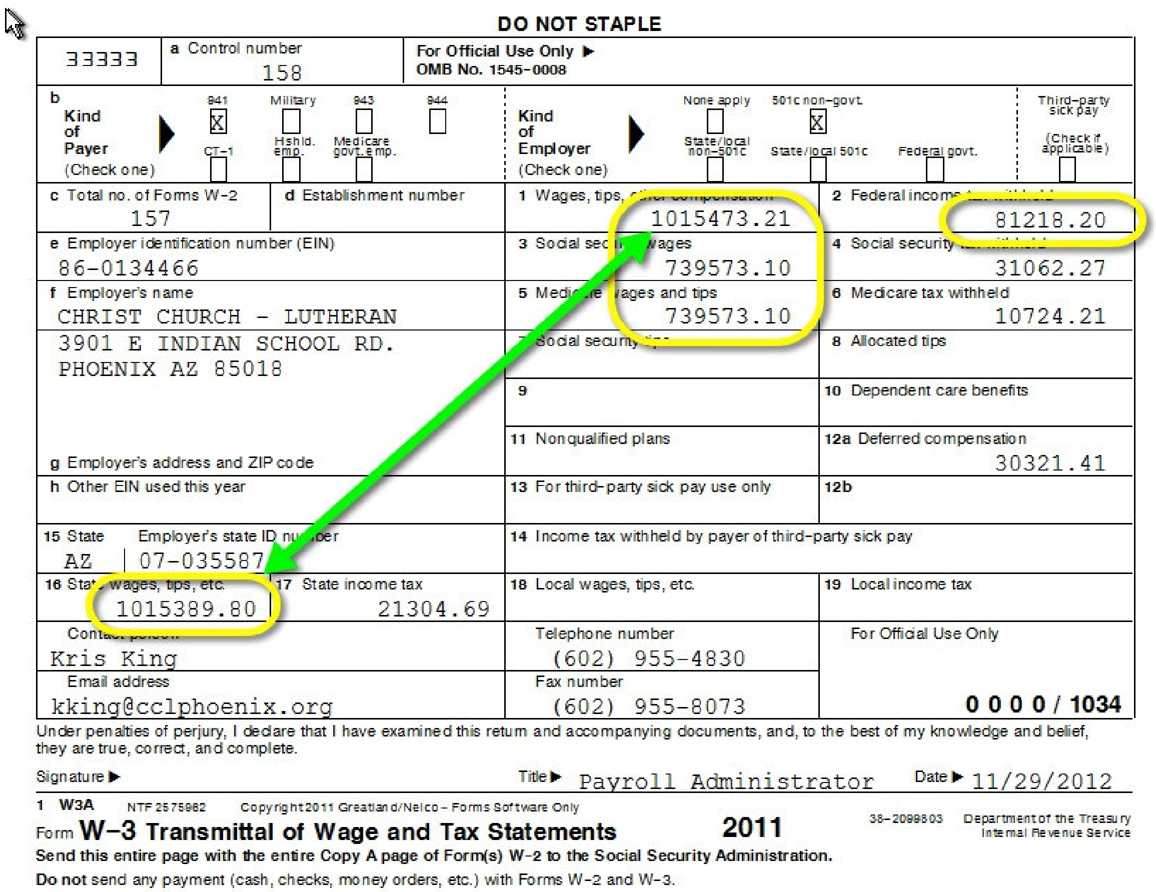


- Run an edit list of your W-2s. What to check:
    - Do you have the full names?
    - Are the addresses correct?
    - Do you have Social Security Numbers?
    - Do the Federal and State wages match?
    - Add any additional compensation amounts.



In January (by January 31)

- Be sure to load the year-end update from Shelby before your first 2013 payroll and before printing your W-2s; if you don't the forms will say 2011 and cause you all kinds of grief. This update will have the new 2013 tax tables and the 2012 forms.
- Print your W-2s
- (Recommendation) Save the Employee copies as a PDF file for permanent reference and to easily replace lost or damaged copies.
- Reconcile the totals on your W-3 to your 941s. The circled amounts should equal the totals from your four 941s for the year.



DO NOT STAPLE

33333	a Control number 158	For Official Use Only ▶ OMB No. 1545-0008

b Kind of Payer (Check one): 941 [X], Military [ ], 943 [ ], 944 [ ], CT-1 [ ], Hshld. emp. [ ], Medicare govt. emp. [ ]

Kind of Employer (Check one): None apply [ ], 501c non-govt. [X], State/local non-501c [ ], State/local 501c [ ], Federal govt. [ ]

Third-party sick pay (Check if applicable) [ ]

c Total no. of Forms W-2 157	d Establishment number	1 Wages, tips, other compensation 1015473.21	2 Federal income tax withheld 81218.20
e Employer identification number (EIN) 86-0134466		3 Social security wages 739573.10	4 Social security tax withheld 31062.27
f Employer's name CHRIST CHURCH - LUTHERAN 3901 E INDIAN SCHOOL RD. PHOENIX AZ 85018		5 Medicare wages and tips 739573.10	6 Medicare tax withheld 10724.21
		7 Social security tips	8 Allocated tips
		9	10 Dependent care benefits
g Employer's address and ZIP code		11 Nonqualified plans	12a Deferred compensation 30321.41
h Other EIN used this year		13 For third-party sick pay use only	12b
15 State AZ	Employer's state ID number 07-035587	14 Income tax withheld by payer of third-party sick pay	
16 State wages, tips, etc. 1015389.80	17 State income tax 21304.69	18 Local wages, tips, etc.	19 Local income tax
Contact person Kris King		Telephone number (602) 955-4830	For Official Use Only
Email address kking@cclphoenix.org		Fax number (602) 955-8073	0 0 0 0 / 1034

Under penalties of perjury, I declare that I have examined this return and accompanying documents, and, to the best of my knowledge and belief, they are true, correct, and complete.

Signature ▶ Title ▶ Payroll Administrator Date ▶ 11/29/2012

1 W3A NTF 2575982 Copyright 2011 Greatland/Nelco – Forms Software Only

Form **W-3 Transmittal of Wage and Tax Statements** **2011** 38-2099803 Department of the Treasury Internal Revenue Service

Send this entire page with the entire Copy A page of Form(s) W-2 to the Social Security Administration.

Do not send any payment (cash, checks, money orders, etc.) with Forms W-2 and W-3.

- The Federal wages (Box 1) and State Wages (Box 16) should normally match. (Yes, I know I have a problem that I need to fix.
- Give the employees their copies

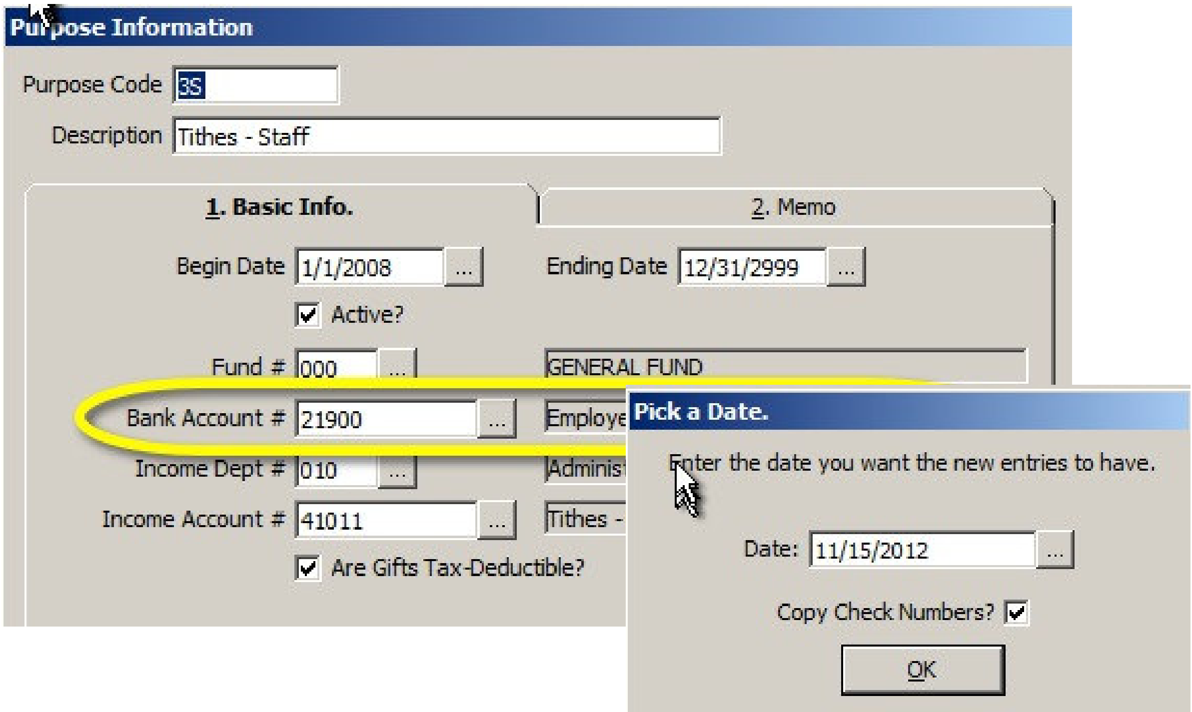
In February (by February 28)

- Mail in the appropriate copies to the federal, state and/or local agencies as required. Don't be in a rush to mail in these copies. It is much easier to make any necessary changes before mailing in the forms rather than having to prepare and submit W2Cs and a W3C.

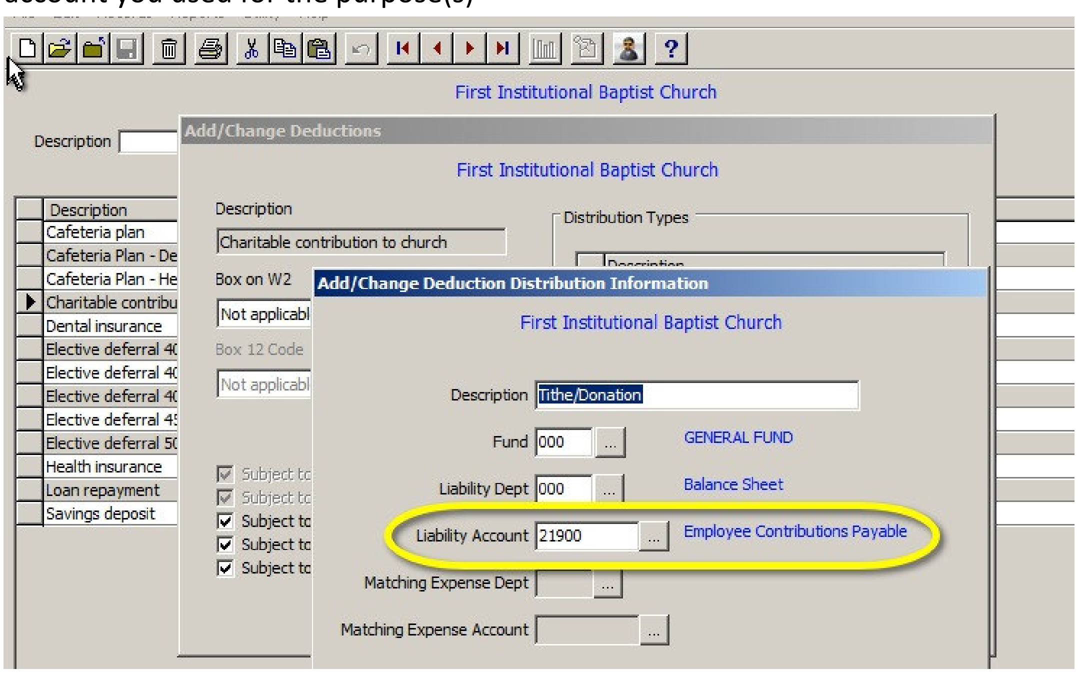
Payroll Deductions for Contributions

- Step 1. Set up a liability "clearing" account in the General Ledger

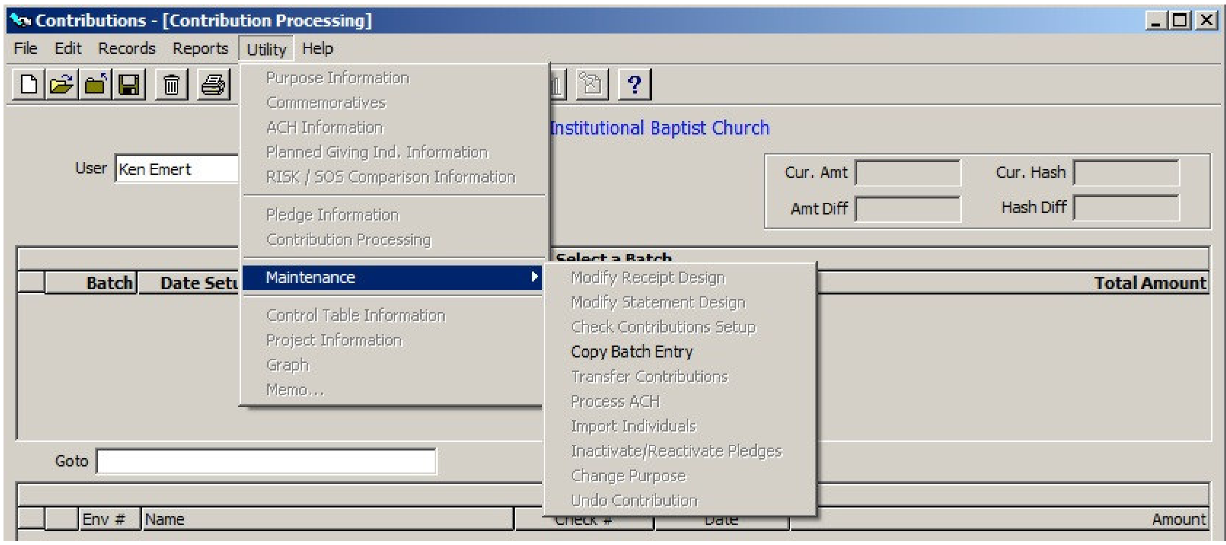
- Step 2. For each purpose that employees can designate money to, you will need to set up a new purpose in contributions



- Step 3. In Payroll you will need to set up a Deduction. The liability account should be the same account you used for the purpose(s)

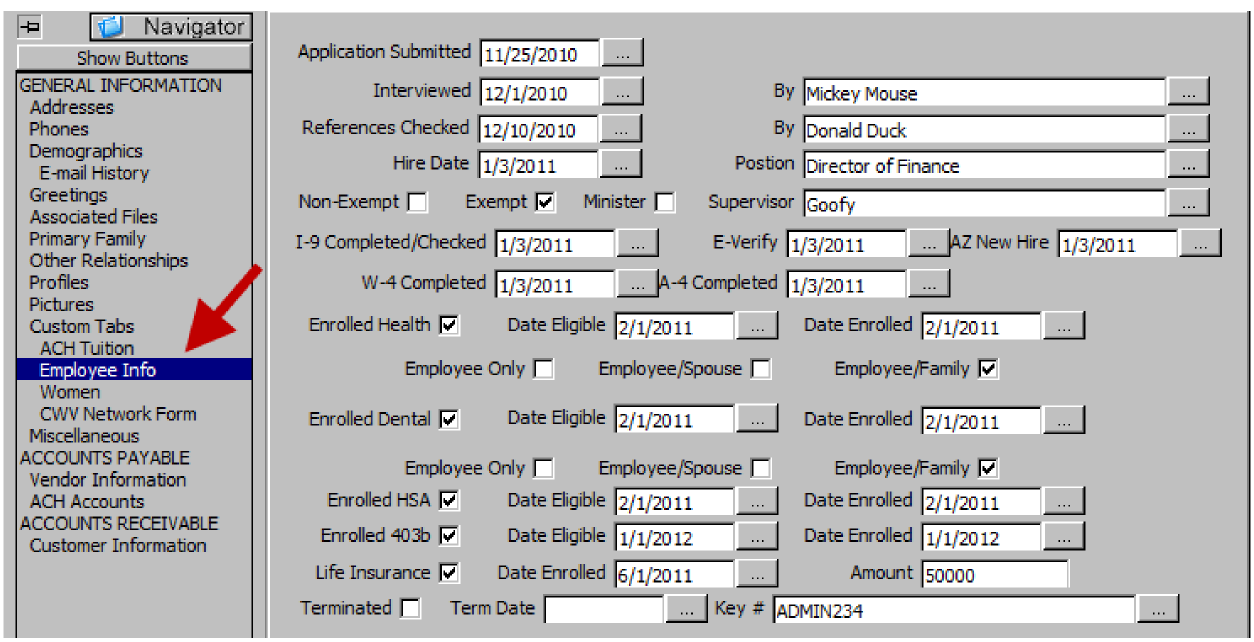


- Step 4. Each time you process payroll you will need to go into Contributions and process a batch for those employees having payroll deductions for their contributions. After you have done this one time you can use the copy batch utility, so you don't have to start from scratch each time. Once the batch has been copied, you can make any adjustments needed before updating.



- For the check number I use 'PR DED'

Sample HR Custom Tab



HQ 2013

Ken Emert

Shelby Consultant

ken.emert@shelbyinc.com

Ken Emert served for 21 years as Minister of Administration at Scottsdale Bible Church in Scottsdale, AZ where he used Shelby software for tracking people and finances. In 2000 Ken felt it was time for a change and became a certified Shelby Systems trainer. He currently serves churches and other faith-based organizations as a Shelby Consultant. He has helped implement Shelby in many organizations and enjoys working with staffs to aid them in promoting ministry efficiently and effectively.