

University of Alaska
Statewide Accounting Manual

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Title: Fringe Benefit Accounting

General:

This procedure establishes guidelines for recording fringe benefit costs. The primary objective is to record fringe benefit activity in a separate series of organization codes in order to make the information more readily available to human resource, payroll and finance staff.

In general, costs for health care and other benefits are accumulated in separate orgs and combined to provide total staff benefit cost information. Leave benefit information is also accumulated in a separate fund and series of orgs. Workers' compensation activity and labor relations activity is accumulated in the Statewide unrestricted fund (101010) and funded by transfers from the staff benefit fund.

Accounting:

The accounting is illustrated by a series of sample entries for recording staff benefit activity; see appendix A for the index. The activity is generated by Banner Human Resources (BHR), Accounts Receivable and Accounts Payable systems which feed to Banner and by journal vouchers processed through Statewide Finance.

	<u>Dr.</u>	<u>Cr.</u>
Entry #1		

During payroll processing, the BHR system generates leave accrual recoveries and offsetting departmental charge entries which are consolidated in the staff benefit fund and org:

Annual leave charge	xxxxx-1811-xxxxxx	x,xxx.xx	
Sick leave charge	xxxxx-1831-xxxxxx	x,xxx.xx	
Holiday leave charge	xxxxx-1841-xxxxxx	x,xxx.xx	
Annual leave recovery	90100-1812-187020		x,xxx.xx

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Sick leave recovery	90102-1832-187020	x,xxx.xx
Holiday leave recovery	90102-1842-187020	x,xxx.xx

To record annual, sick, and holiday leave accrual charges and recoveries through the BHR labor distribution based on negotiated leave rates for each job group (ECLS) applied to specified earnings codes.

Entry #2

During payroll processing, the BHR system generates departmental charges for staff benefits and offsetting staff benefit recovery:

Staff benefit expense	xxxxx-1970-xxxxxx	x,xxx.xx
Staff benefit recovery	90003-1972-187010	x,xxx.xx

To record staff benefit accrual charges and recovery through the BHR labor distribution.

Entry #3

The BHR system accounts for leave taken as follows:

Holiday leave taken	90102-1845-187020	x,xxx.xx
Military leave taken	90102-1855-187020	x,xxx.xx
Search/Rescue leave	90102-1860-187020	x,xxx.xx
Jury duty leave	90102-1865-187020	x,xxx.xx
CEA Bus. leave taken	90106-1885-187030	x,xxx.xx
Sick leave taken	90104-1835-187020	x,xxx.xx
Sick leave (ACCFT Bank)	90106-1875-187030	x,xxx.xx
Annual leave taken	90100-1815-187020	x,xxx.xx
Wages payable	xxxxx-xxxx-xxxxxx	x,xxx.xx

To record sick, annual, holiday and other leave usage under regular account codes to separate orgs through the BHR labor distribution based on actual leave taken for the pay period. Other leave is recorded in the holiday leave orgs. under a separate account code.

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Entry #4

A journal voucher is prepared by SWHR each fiscal year end to adjust the balance sheet annual leave accrual to actual.

Annual leave accrual adj.	90100-1816-187020	x,xxx.xx	
Annual leave liability	00000-0751-101010		x,xxx.xx

To adjust the annual leave liability account balance to the calculated annual leave liability balance per BHR after the last pay period recorded for the fiscal year.

Entry #5

Payments received from employees for jury duty and from workers' compensation program for sick leave are deposited and recorded through the cash receipts process:

Cash	XXXXX-XXXX-XXXXXX	x,xxx.xx	
Jury duty payback	90102-1866-187020		x,xxx.xx
Sick leave payback - W/C	90104-1836-187020		x,xxx.xx

To record receipt of payments from employees for jury duty fees and workers' compensation payments for sick leave restoration.

Entry #6

SWHR prepares a journal voucher annually to record the transfer of sick leave from members accounts to the ACCFT leave bank:

ACCFT leave transfer	90104-1871-187020	x,xxx.xx	
ACCFT leave bank	90106-1872-187030		x,xxx.xx

To record annual transfer of sick leave from ACCFT member accruals to a ACCFT leave bank based on the number of hours transferred times the members' rates of pay.

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Entry #7

SWHR prepares a journal voucher annually to record the transfer of personal holiday leave from member accounts to the CEA business leave bank:

CEA leave transfer	90102-1881-187020	x,xxx.xx	
CEA leave bank	90106-1882-187030		x,xxx.xx

To record annual transfer of personal holiday leave from CEA member accruals to a CEA business leave bank based on the number of hours transferred times the members' rates of pay.

Entry #8

The BHR system records the benefit costs related to earnings in the staff benefit accounts and accrues the payables to the vendors.

Pension expense	90003-1903-187010	x,xxx.xx	
TRS	90003-1910-187010	x,xxx.xx	
PERS	90003-1915-187010	x,xxx.xx	
ORP	90003-1912-187010	x,xxx.xx	
FICA (OASDI)	90003-1901-187010	x,xxx.xx	
Medicare	90003-1902-187010	x,xxx.xx	
Benefits payable	00000-06XX-xxxxxx		x,xxx.xx

To record benefit costs charged to specified accounts through BHR.

Entry #9

The generation of payroll with taxes withheld and deductions taken from paychecks (except for health and reimbursable accounts) is processed by BHR and generates the following entry:

Payroll clearing	00000-0463-101010	x,xxx.xx	
Federal taxes withheld	00000-0631-101010		x,xxx.xx
Medicare	00000-0640-101010		x,xxx.xx
AD&D & survivor income	00000-0623-101010		x,xxx.xx

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ORP	00000-063x-101010	X,XXX.XX
PERS	00000-0642-101010	X,XXX.XX
TRS	00000-0643-101010	X,XXX.XX
TSA's	00000-067x-101010	X,XXX.XX
Garnishments/other	00000-06xx-101010	X,XXX.XX
Cash	00000-0038-PAYCHK	X,XXX.XX

To record payroll and tax withholdings and other deductions through the payroll process.

Entry #10

SWHR prepares payroll remittance forms to pay the various vendors for all payroll liabilities such as PERS, TRS, payroll taxes withheld etc. The data is entered in the accounts payable system to produce checks.

Federal taxes withheld	00000-0631-101010	X,XXX.XX	
Medicare	00000-0640-101010	X,XXX.XX	
AD&D and survivor income	00000-0623-101010	X,XXX.XX	
ORP	00000-063x-101010	X,XXX.XX	
PERS	00000-0642-101010	X,XXX.XX	
TRS	00000-0643-101010	X,XXX.XX	
TSA's	00000-067x-101010	X,XXX.XX	
Garnishments/other	00000-06xx-101010	X,XXX.XX	
Accounts payable	00000-0607-101010		X,XXX.XX

To record payroll liability payments to vendors.

Entry #11

Payments for life and/or long-term disability (LTD) insurance made by employees on leave without pay (LWOP) are deposited as follows in the cash receipts system:

Cash	00000-0140-SDEP	X,XXX.XX	
Life insurance	90003-1925-187010		X,XXX.XX
LTD insurance	90003-1935-187010		X,XXX.XX

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To record receipt of payments from employees for life insurance and/or long term disability coverage while on LWOP.

Entry #12

Campuses record employee tuition waivers thru the Banner Student system using a dept code which records the charge for the waiver:

Tuition waivers	90003-1985-187010	X,XXX.XX	
Tuition revenue	XXXXX-91XX-XXXXXX		X,XXX.XX

To record employee tuition waivers.

Entry # 13

Campuses record dependent/spouse tuition waivers thru the BSI system using a detail code which records the charge for the waiver:

Dependent /spouse	90003-1986-187050	X,XXX.XX	
Adjunct dependent/ spouse	90003-1987-187050	X,XXX.XX	
Tuition revenue	XXXXX-91XX-XXXXXX		X,XXX.XX

To record dependent/ spouse tuition waivers.

Entry #14

Benefit invoices are paid through the accounts payable system and other operational costs incurred are paid in the standard manner and charged to staff benefit account codes:

Life insurance	90003-1925-187010	X,XXX.XX
LTD insurance	90003-1935-187010	X,XXX.XX
Unemployment	90003-1940-187010	X,XXX.XX
Pension admin. costs	90003-1904-187010	X,XXX.XX
Consulting/other	90003-1950-187010	X,XXX.XX
Duplicating & office costs	90003-1951-187010	X,XXX.XX
Empl. ben. travel	90003-1952-187010	X,XXX.XX

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Staff educ. - benefits	90003-1955-187010	x,xxx.xx	
Accounts payable	00000-0607-103010		x,xxx.xx

To record staff benefits normally recorded through accounts payable

Entry #15

Workers' compensation direct costs, operating costs and cost of employee physicals are managed and paid by the Statewide Risk Management (SWRM) department. These costs are accumulated in the unrestricted fund:

Workers comp time loss	80113-3983-101010	x,xxx.xx	
Insurance premiums	80113-3975-101010	x,xxx.xx	
Travel	80113-2010-101010	x,xxx.xx	
Consulting	80113-3005-101010	x,xxx.xx	
Employee req. physicals	80113-1927-101010	x,xxx.xx	
Accounts payable	00000-0607-103010		x,xxx.xx

To record workers' compensation activity in Risk Management org.

Entry #16

Workers' compensation and employee physicals are funded by an assessment to the staff benefit fund and org.

Workers comp provision	90003-1930-187010	x,xxx.xx	
Intercampus revenue	80113-9904-101010		x,xxx.xx

To record quarterly internal provision for workers' comp costs at 1/4th of annual provision.

Entry #17

The accrual for the workers' compensation IBNR is made annually by SWRM.

Workers comp accrual	80113-3978-101010	x,xxx.xx	
W/C IBNR reserve	00000-0614-101010		x,xxx.xx

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To record IBNR reserve to actuarial estimate.

Entry #18

Costs of the Labor Relations operations are managed and paid in the unrestricted funds and orgs depending on location of staff. Sample activity is:

Salaries	89016-1xxx-101010	X,XXX.XX	
Travel	80132-2010-101010	X,XXX.XX	
Consulting	80132-3005-101010	X,XXX.XX	
Various costs	80132-xxxx-101010	X,XXX.XX	
Accounts payable	00000-0607-101010		X,XXX.XX
Payroll clearing	xxxxx-xxxx-xxxxxx		X,XXX.XX

To record labor relations activity in unrestricted funds and orgs.

Entry #19

The staff benefit fund and org funds the Labor Relations activity by recording an assessment transfer by journal voucher.

Labor relations provision	90003-1932-187010	X,XXX.XX	
Intercampus revenue	89016-9904-101010		X,XXX.XX
Intercampus revenue	80132-9904-101010		X,XXX.XX

To record monthly internal provision for the labor relations costs at 1/12th of annual provision, with a year end adjustment to actual costs. Actual total costs include costs paid on purchase orders encumbered in the previous year but paid in the current year.

Entry #20

The payroll deduction for employee defined contribution, supplemental health coverage and dependent health coverage from paychecks prepared on BHR generates the following entry:

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Payroll Clearing	xxxxx-xxxx-xxxxxx	x,xxx.xx	
Supp. Health Recovery	90001-1976-187010		x,xxx.xx
Dependent Health Recovery	90001-1977-187010		x,xxx.xx
Employee Defined Contrib.	90001-1978-187010		x,xxx.xx

To record employee supplemental health and dependent health care deductions paid to the university through the payroll deduction process.

Entry #21

Administrative costs for the health programs are paid by SWHR through cash pay requests. The administrative costs are based on head counts and the negotiated contract rates.

Health program - admin	90001-1921-187010	x,xxx.xx	
Accounts payable	00000-0607-103010		x,xxx.xx

To record health care costs paid through accounts payable.

Entry #22

The health claim processor makes draws on the university health bank account which are recorded by the SW Cash Management department.

Health Care Claims	90001-1920-187010	x,xxx.xx	
Zero Bal. Health Account	00000-0080-187010		x,xxx.xx

To record draw by health care provider for claims.

Entry #23

SWHR advises Cash Management to transfer a standard monthly amount of cash from the university's consolidated account to the health checking account. The transfer is recorded by Cash Management.

Health acct.	00000-0080-187010	x,xxx.xx	
Cash	00000-0030-101010		x,xxx.xx

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To record transfer of funds to health care investment account at 1/12th the estimated recovery amount for the year.

Entry #24

The banking/investment activity is recorded by SW Cash Management to adjust to actual balances at year end.

Zero Bal. Health Account	00000-0080-187010	X,xxx.xx	
Investment Account(s)	00000-02xx-187010		X,xxx.xx
Investment Account(s)	00000-02xx-187010	X,xxx.xx	
Zero Bal. Health Account	00000-0080-187010		X,xxx.xx

To record transfers to and from health checking account and investment accounts (repurchase account).

Entry #25

The payments received from former and current employees for health coverage are deposited and recorded in the cash receipts system by SW Fund Accounting.

Cash	00000-0030-101010	X,xxx.xx	
COBRA/LWOP	90001-1973-187010		X,xxx.xx

To record receipt of payments from COBRA and LWOP participants.

Entry #26

Checks returned for non-sufficient funds by the bank and the associated bank charges are recorded by SW Fund Accounting.

COBRA/LWOP	90001-1973-187010	X,xxx.xx	
Staff Ben. Dupl & Office Costs	90001-1951-187010	X,xxx.xx	
Cash	00000-0030-101010		X,xxx.xx

To record returned checks from the bank for COBRA and LWOP participants.

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Entry #27

Re-deposits and/or replacement checks plus payments for the bank fee are deposited and recorded in the cash receipts system by SW Fund Accounting.

Cash depository	00000-0030-101010	x,xxx.xx	
COBRA/LWOP	90001-1973-187010		x,xxx.xx
Staff Ben. Dupl & Office Costs	90001-1951-187010		x,xxx.xx

To record the redeposits plus bank charges from COBRA and LWOP participants whose checks were returned by the bank.

Entry #28

SWHR records health IBNR/ELR adjustment.

Claims liability adj.	90001-1923-187010	x,xxx.xx	
Health IBNR/ELR reserve	00000-0645-187010		x,xxx.xx

To record periodic adjustment to health IBNR/Extended Liability Reserve (ELR).

Entry #29

The salary reduction for health and dependent care reimbursable accounts is made as a reduction to the gross pay by the BHR system. This generates:

Payroll clearing	00000-0463-101010	x,xxx.xx	
Reimb. acct. - depend. care	00000-0628-187010		x,xxx.xx
Reimb. acct. - health	00000-0629-187010		x,xxx.xx

To record employee payroll deductions for reimbursement dependent care and health spending accounts.

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Entry #30

SWHR advises SW Cash Management of the required cash transfer to the bank account for health and dependent care reimbursements

Reimb. cash accounts	00000-0082-187010	x,xxx.xx	
Cash	00000-0030-101010		x,xxx.xx

To record transfer of cash to the "reimbursement" bank account.

Entry #31

The claim processor makes draws against the "reimbursement" bank account which are recorded by SW Cash Management department.

Reimb. acct. - depend. care	00000-0628-187010	x,xxx.xx	
Reimb. cash accounts	00000-0082-187010		x,xxx.xx

To record spending (draws) from the reimbursement dependent care and health spending bank account.

Entry #32

SWHR reallocates draws to appropriate liability account.

Reimb. acct. – health care	00000-0629-187010	x,xxx.xx	
Reimb. acct. – depend. care	00000-0628-187010		x,xxx.xx

To correctly allocate the draws from the reimbursement dependent care and health spending accounts.

Entry #33

Administrative costs of the dependent care and health care reimbursement programs are paid through the accounts payable system.

Employee flexible spend. pl.	90003-1924-187010	x,xxx.xx	
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Accounts payable	00000-0607-103010	x,xxx.xx
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To record administrative costs of the reimbursement account spending plans.

Entry #34

SWHR records unused portions of the dependent care and health care programs which are used to offset costs of program administration.

Reimb. acct. - depend. care	00000-0628-187010	x,xxx.xx	
Reimb. acct. - health	00000-0629-187010	x,xxx.xx	
Employee flexible spend. pl.	90003-1924-187010		x,xxx.xx

To offset flex plan administrative costs with spending plan forfeitures.

Entry #35

SWHR advises SW Cash Management of the required cash transfer from the bank account for health and daycare reimbursements for plan forfeitures. The cash transfer is recorded by journal voucher. The bank transfer form is completed and submitted to Cash Management for transfer of funds.

Cash	00000-0030-101010	x,xxx.xx	
Reimb. cash accounts	00000-0082-187010		x,xxx.xx

To record transfer of cash from the "reimbursement" bank account to the consolidated bank account.

Entry #36

SWHR prepares journal vouchers to internally segregate the annual net recovery of benefits attributed to the health coverage program.

Staff benefit recovery	90003-1972-187010	x,xxx.xx	
Staff benefit recovery	90001-1972-187010		x,xxx.xx

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To segregate estimated health care recovery from general staff benefit recovery on an annual basis. Information for this entry is obtained by applying the ratio of the projected health costs / projected recovery to the actual benefit recovery.

Entry #37

Entries are made by SWHR to adjust the liability of post employment accrued costs. Currently this applies to the medicare, pension, social security (if any) and ORP applicable to the annual leave liability.

Post employment ben. cost	90003-1819-187010	x,xxx.xx	
Post employment ben liab.	00000-0754-187010		x,xxx.xx

To record annual cost of post retirement benefits per GASB.

Entry #38

Year end payables are set up in cycle 13 as miscellaneous payables by journal voucher and paid in the following fiscal year by check request with reversing journal voucher entries.

Benefit costs - various	90003-xxxx-187010	x,xxx.xx	
Misc. accounts payable	00000-0616-101010		x,xxx.xx

To record payables at year end.

Entry # 39

The claims processor requires, as part of the contract, a stabilization reserve. The Premium Stabilization Reserve is adjusted to actual by recording interest earned during the year and adjusting Health Claims Reimbursement expense.

Health Claims	90001-1920-187010	x,xxx.xx	
Interest earned	90001-1921-187010	xxx.xx	
Premium Stabilization Res	00000-0464-101010		x,xxx.xx

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Entry # 40

SWHR records the liability and expense for the final Blue Cross claims of the year. The liability is paid in the following fiscal year by check request.

Health Claims	90001-1920-187010	xxxxxx.xx	
Misc. accounts payable	00000-0616-187010		xxxxxx.xx

To record final Blue Cross invoicing.

Entry # 41

The claims processor requires, as part of the contract, a Premium Stabilization Reserve. Cash is transferred to the processor and recorded by journal voucher after the annual accounting is received from the health care vendor following the close of the plan year on 12/31.

Stabilization reserve	00000-0464-101010	x,xxx.xx	
Cash	00000-0080-101010		x,xxx.xx

Entry # 42

The office of Cost Analysis prepares a journal voucher annually to allocate the charges for dependent and spouse tuition waivers to the appropriate departments and record the associated staff benefit recovery.

Staff Benefit Recovery	90003-1972-187050	x,xxx.xx	
Dep/Spouse Tuition Waivers	xxxxx-1986-xxxxxx		x,xxx.xx
Adj Dep/Spouse Tuition Waiv.	xxxxx-1987-xxxxxx		x,xxx.xx

Distribute of charge for Dependent/Spouse Tuition Waiver allocation for FYxx.

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Appendix A:

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5	Jury duty and workers' compensation sick leave receipts
6	ACCFT sick leave transfer
7	CEA personal holiday leave transfer
8	BHR benefit costs
9	BHR payroll tax withholding and deductions
10	Payroll liability remittances
11	Life and/or long-term disability insurance payments by LWOP employees
12	Employee tuition waivers
13	Dependent/spouse tuition waivers
14	Benefit invoices paid through accounts payable
15	Workers' compensation activity
16	Workers' compensation funding and employee physicals
17	Workers' compensation IBNR
18	Labor Relations costs of operations
19	Labor relations monthly costs
20	Employee supplemental health and dependent health care deductions
21	Health programs administrative costs
22	Health care provider draws
23	Monthly health transfer
24	Health checking and investment accounts banking and investment activity
25	COBRA and LWOP participant payments
26	NSF checks from COBRA/LWOP participants
27	Redeposits and bank charges from COBRA and LWOP NSF checks
28	Health IBNR/ELR
29	Health and dependent care reimbursable accounts
30	Cash transfer for health and dependent care account
31	Health and dependent care reimbursable account draws

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32	Allocation of draws to appropriate health or dependent care account
33	Administrative costs of health and dependent care accounts
34	Unused health and dependent care amounts
35	Health and dependent care forfeitures transfer
36	Staff benefit recovery for health coverage
37	Post employment costs
38	Yearend payables
39	Health Care Premium Stabilization Reserve, adjustment to actual at fiscal yearend
40	Health Care fiscal yearend final invoicing
41	Health Care Premium Stabilization Reserve replenishment
42	Spouse and Dependent Tuition Waiver