

STRS STATUTORY DEDUCTION CORRECTION PROCEDURE

Purpose

To set forth the required procedures for correction of STRS related errors and their impact on the district's general ledger.

When

Monthly, BMAS will do a STRS Final Transfer to make corrections which in turn requires districts to take appropriate action to clear the Transfers made to their general ledger.

Procedure

REFUNDS

1. Business, Management & Advisory Services (BMAS) will prepare the monthly STRS Final spreadsheet and do a Transfer from the Yolo County Office of Education (YCOE) STRS Fund 84 object #9510 to the District's General Fund object #9511 for the amount of both the employee and employer share of contributions. If contributions are due for OASDI in conjunction with the STRS refund, BMAS will do an offsetting Transfer for the employee share of the STRS/OASDI contributions by debiting the District's General Fund object #9511 and crediting the District's General Fund object #9513. BMAS will also do a Transfer from the District's General Fund object #9513 to YCOE OASDI/Medicare Fund 86 object #9510. The remaining STRS refund should be returned to the employee.
2. These amounts can be found on the STRS Final spreadsheet under the STRS heading in the "9511 EE" column (the employee share) and the "9511 ER" column (the employer share) by employee name. If OASDI/Medicare are affected the OASDI/Medicare amounts can be found under the OASDI or Medicare heading in the "9513 EE" column (the employee share) and the "9513 ER" column (the employer share) by employee name. Any amount due to the employee can be found in the "Collect from (Refund to) EE" column of the monthly STRS Final spreadsheet.
3. Once BMAS has prepared the monthly STRS Final spreadsheet and made the Transfer; copies of the spreadsheet, the Transfer, the employee STRS report adjustment worksheets, and the Notice of Payroll History Adjustment form will be sent to the District's designated person in the business office to implement the corrections.

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CURRENT EMPLOYEE

4. If the refund is to be made to a current employee, the District should issue a commercial warrant against General Fund object #9511 for the amount in the “Collect from (Refund to) EE” column of the monthly STRS Final spreadsheet. The warrant will payback the employee for the overpaid STRS, and will also clear the District’s object #9511 for the employee’s contribution amount previously transferred there by BMAS.
5. The District will then need to complete the top portion of the Notice of Payroll History Adjustment form to reflect the STRS payback and submit it to BMAS for documentation purposes.
6. The last step is to clear the District’s General Fund object #9511 for the employer contribution. The District should do a Journal Entry to debit object #9511 and credit the employee’s STRS object #3XXX line for the amount in the “9511 ER” column of the monthly STRS Final spreadsheet previously transferred there by BMAS. If an OASDI collection was also included in the transfer, the District’s General Fund object #9513 will need to be cleared. The District should do a Journal Entry to credit object #9513 and debit the employee’s OASDI object #3XXX line(s) for the amount in the “9513 ER” column(s) of the monthly STRS Final spreadsheet previously transferred out by BMAS.

TERMINATED EMPLOYEE

7. If the refund is to be made to a terminated employee, follow the same procedures as in #4 through #6, however, BMAS will not do a Pay History Adjustment unless the correction is for an error that occurred within the IRS 3- statute of limitations. If the error is determined to be within the statute of limitations, BMAS will then post the Pay History Adjustment to the calendar year in which the error occurred and issue a W-2C to the terminated employee and a copy to the District. Upon receipt of the W-2C, the District should inform the terminated employee that they are required to amend their Federal and State income tax returns for the appropriate year.

COLLECTIONS

1. Business, Management & Advisory Services (BMAS) will prepare the monthly STRS Final spreadsheet and do a Transfer from the District’s General Fund object #9511 to the Yolo County Office of Education (YCOE) STRS Fund 84 object #9510 for the amount of the employer share of contributions only. (STRS rules prevent the District from paying for the employee’s share of contributions.) If an OASDI refund of contributions is due to the employee in conjunction with the

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STRS collection, BMAS will do a transfer from YCOE OASDI/Medicare Fund 86 object # 9510 to the District's General Fund object #9513. BMAS will then do an offsetting Transfer for the employee share of the STRS/OASDI contributions by debiting the District's General Fund object #9513 and crediting the District's General Fund object #9511. BMAS will also do a Transfer from the District's General Fund object #9511 to YCOE STRS Fund 84 object #9510 for not more than the amount of employee OASDI contributions refunded.

2. These transfer amounts can be found on the STRS Final spreadsheet. The STRS Transfer amount can be found under the STRS heading in the "9511 EE" column (the employee share) and the "9511 ER" column (the employer share) by employee name. The OASDI Transfer amount can be found under the OASDI or Medicare heading in the "9513 EE" column (the employee share) and the "9513 ER" column (the employer share) by employee name. Any additional STRS contribution due from the employee can be found under the STRS heading in the "Collect from (Refund to) EE" column.
3. Once BMAS has prepared the monthly STRS Final spreadsheet and made the Transfer; copies of the spreadsheet, the Transfer, the employee STRS report adjustment worksheets, and the Notice of Payroll History Adjustment form will be sent to the District's designated person in the business office to implement the corrections.

CURRENT EMPLOYEE

4. If the collection is to be made from a current employee, the District should collect via payroll using voluntary deduction #8112 for the amount in the "Collect from (Refund to) EE" column of the monthly STRS Final spreadsheet. This will automatically update the employee's pay history, post the cash to the YCOE STRS Fund 84 object #9510 (for later payment to STRS), and will also be included on the current monthly STRS report to be balanced by BMAS.
5. The District will then need to complete the top portion of the Notice of Payroll History Adjustment form to reflect the STRS collection and submit it to BMAS. However, there will be no Pay History Adjustment entered by BMAS since it was already automatically updated when using voluntary deduction #8112 to make the collection.
6. If the District chooses to collect from the employee via personal check, the District should send a detailed invoice to the individual requesting payment. When the amount is received, the District should deposit the money in the District's General Fund with a debit to Cash and a credit to object #9511. Please be sure to maintain a pending file of outstanding invoices sent to the employees

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in the event of a STRS audit.

7. After the deposit is completed, the District will then need to complete the top portion of the Notice of Payroll History Adjustment form to reflect the STRS collection via personal check and submit it to BMAS for processing.
8. BMAS will do a Transfer to take the money collected by the District from the terminated employee and put it into the YCOE STRS Fund 84 with a debit to the District's General Fund object #9511 and a credit to the YCOE STRS Fund 84 object #9510. This Transfer will clear the District's object #9511 for the employee's contribution previously collected by the District and deposited into object #9511.
9. The last step is to clear the District's General Fund object #9511 for the employer contribution. The District should do a Journal Entry to debit the employee's STRS object #3XXX line and credit object #9511 for the amount in the "9511 ER" column of the monthly STRS Final spreadsheet previously transferred out by BMAS. If an OASDI refund Transfer was completed in addition to the STRS collection Transfer, the District's General Fund object #9513 must also be cleared for the employer contribution. The District should do a Journal Entry to debit object #9513 and credit the employee's OASDI object #3XXX line.

TERMINATED EMPLOYEE

10. If the collection is to be made from a terminated employee, the District should send a detailed invoice to the individual requesting payment. When the amount is received, the District should deposit the money in the District's General Fund with a debit to Cash and a credit to object #9511. Please be sure and maintain a pending file of outstanding invoices sent to the terminated employees in the event of a STRS audit.
11. The District will need to complete the top portion of the Request for Pay History Adjustment form to reflect the STRS collection via personal check and submit it to BMAS for processing. If the correction is for an error that occurred within the IRS 3-year statute of limitations, BMAS will post a pay history adjustment to the current calendar year when possible. If it is impossible to make the correction in the current year, the pay history adjustment will be posted in the year in which the error occurred and BMAS will issue a W-2C to the terminated employee and a copy to the District. Upon receipt of the W-2C the District should inform the terminated employee that they are required to amend their Federal and State income tax returns for the appropriate year.

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12. BMAS will do a Transfer to take the money collected by the District from the terminated employee and put it into the YCOE STRS Fund 84 with a debit to the District's General Fund object #9511 and a credit to the YCOE STRS Fund 84 object #9510. This will clear the District's object #9511 for the employee's contribution previously collected by the District and deposited into object #9511.
13. The last step is to clear the District's General Fund object #9511 for the employer contribution. The District should do a Journal Entry to debit the employee's STRS object #3XXX line and credit object #9511 for the amount in the "9511 ER" column of the monthly STRS Final spreadsheet previously transferred out by BMAS. If an OASDI refund Transfer was completed in addition to the STRS collection Transfer, the District's General Fund object #9513 must also be cleared for the employer contribution. The District should do a Journal Entry to debit the object #9513 and credit the employee's OASDI object #3XXX line.

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Contact Person: Linda Legnitto

Procedure Binder Section: Financial