



**STATE OF OHIO
FINANCIAL REPORTING APPROACH — WAGES PAYABLE**

There are four payroll groups within the State. They are:

- Biweekly Delayed (BWD)
- Biweekly Current (BCR)
- Monthly Advance (MDV)
- Monthly Current (MCR)

The Monthly payroll groups are not included in this approach since the pay period for the monthly payroll groups follow the calendar month (i.e. 7/1 – 7/31).

One of the following two calculation methods is used for determining wages payable, as of June 30. The method selected depends on when wages earned during the period containing the last business day in June are paid in July.

Method 1

*The Last Business Day in June Falls
In the Pay Period Paid on the First Payday in July.*

$$\frac{\text{Number of Business Days Falling in the Previous Fiscal Year that were Paid on the First Payday in July}}{10^*} \times \text{Payroll Disbursements Recorded for the First Payday in July per OAKS}$$

*Number of business days falling in a biweekly pay period.

Example A

As shown on the calendar below, Friday, June 28 is the last business day of the fiscal year during the pay period that ends on Saturday, June 29. The payday for wages earned through the last business day of June is Friday, July 12, the first payday in July. Therefore, the percentage used in calculating the year-end payroll accrual, per the above formula, is:

$$\frac{10}{10}$$

OR 100 percent

JUNE						
S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						



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JULY						
S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

Method 2

*The Last Business Day in June Falls
In the Pay Period Paid on the Second Payday in July.*

Part A

$$\frac{\text{Number of Business Days Falling in the Previous Fiscal Year that were Paid on the First Payday in July}}{10^*} \times \text{Payroll Disbursements Recorded for the First Payday in July per OAKS}$$

AND

Part B

$$\frac{\text{Number of Business Days Falling in the Previous Fiscal Year that were Paid on the Second Payday in July}}{10^*} \times \text{Payroll Disbursements Recorded for the Second Payday in July per OAKS}$$

* Number of business days falling in a biweekly pay period.

Example B

As shown on the calendar on the following page, Tuesday, June 30 is the last business day of the fiscal year during the pay period that ended on Saturday, July 11. The payday for wages earned through June 27 is Friday, July 10, the first payday in July; likewise, the payday for wages earned through the last business day of the fiscal year, June 30, is Friday, July 24, the second payday in July. Therefore, the percentages used in calculating the year-end payroll accrual, per the above formulas (Part A and Part B), are:

Part A

$$\frac{10}{10}$$

OR 100 percent



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Part B

$$\frac{2}{10}$$

OR 20 percent

JUNE						
S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

JULY						
S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

Calculation of Wages Payable

The Office of Budget and Management’s (OBM) Financial Reporting Section receives payroll disbursement data from the Human Capital Management (HCM) portion of the Ohio Administrative Knowledge System (OAKS) for use in the foregoing calculation methods. The data is provided to OBM by the Department of Administrative Services (DAS) since OBM Financial Reporting cannot access the payroll information necessary for this calculation.

Based on the OAKS downloads, the wages payable accrual is calculated for time worked in the previous fiscal year but not paid until the current fiscal year, using the methods described above. The wages payable balances for the State’s Independently Audited Organizations (IAOs) are obtained directly from the audit reports of each IAO.

OBM then posts wages payable balances by fund and expenditure function in Modified Accrual Ledger for the fund financial statements and by fund and expense function in Full Accrual Ledger for the government-wide financial statements.

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