

How to Apportion Salaries over the Fiscal Year?

In many city and towns, annual salaries are apportioned over a 53-week pay schedule every four years to account for leap year. However, this methodology incorrectly suggests that an additional 37.5 or 40 hour work week needs to be accounted for. The better practice is to determine the number paid work days that will occur during the fiscal year which will vary depending on what day of the week July 1 falls. The total divided by five results in the number of weeks over which to apportion salaries on a weekly pay schedule. For a bi-weekly pay schedule, divide total days by ten. In this way, municipalities can avoid the risk that salary accounts will run out of funds and deficits will result at year end.

The chart below is a reference to be used when apportioning the salaries for employees who work a traditional five-day, Monday through Friday work week.

Calendar Year

If July 1 falls on:	Mon	Tues	Wed	Thurs	Fri	Sat	Sun
Number of pay weeks:	52.2	52.2	52.2	52.2	52.2	52.0	52.0

Leap Year

If July 1 falls on:	Mon	Tues	Wed	Thurs	Fri	Sat	Sun
Number of pay weeks:	52.4	52.4	52.4	52.4	52.2	52.0	52.2

Because teacher annual salaries are routinely divided by 21 or 26 weeks and are not tied to a traditional workweek, an adjustment is not needed. Neither is adjustments needed relative to the a-typical work weeks of police and fire personnel.

In addition, more often than not, the first and last pay periods will straddle fiscal years. Correct accounting for this circumstance in town financial records requires payments to be charged to the fiscal year in which the service was provided and compensation was earned. This requires an adjustment, but to do otherwise will result in one year with a surplus of funds and another with a deficit of funds in salary accounts.