

Intradistrict Communication

Date: November 22, 2016

To: All School Head Financial Secretaries

From: John Larsen, Business Administrator
Heather Ellingson, Director of Accounting
Dan Ellis, Accountant/Internal Auditor

Subject: **2016 W-9 Forms 1099 Information**

(EXTREMELY IMPORTANT – PLEASE READ AND FOLLOW DIRECTIONS THOROUGHLY – CALL IF YOU HAVE QUESTIONS)

Schools need to submit copies of their four Skyward 1099 reports and their paper W-9 forms to the Accounting Department by **Friday, December 16, 2016**. All elementary schools who started the new checkbook program after January 2016 will also have to complete the steps below.

Skyward Reports:

Remember to select the 2016 year on all of these reports. They should have been setup and used last year.

- 1) 1099 Check Error Report – Please review the report to make certain that you have appropriately marked each check on these vendors as 1099 payments or not. It is possible that an individual (e.g. parent/PTA representative, etc.) could be “reimbursed” for some items purchased on behalf of the school (a non 1099 payment) and was also hired to do something for the school (a 1099 payment). This is why the school must determine what is and is not correct on this report.
- 2) 1099 Exceptions Error Report – This report lists businesses/individuals where checks are marked as 1099 payments but the EIN/SSN or parts of the address are missing. Please refer to the business/individuals W-9 form and input the missing information. After making the corrections, **this report should be blank.**
- 3) 1099 Vendor Error Report – This report lists businesses/individuals where checks are marked as 1099 payments but the NONEM – Nonemployee compensation (box 7) field is not marked under 1099 Information. After making the corrections, **this report should be blank.**
- 4) All 1099 Vendors-Matches W-9s – This report lists everything that Skyward is going to report to the IRS on behalf of your school. Please review it carefully to ensure that all businesses/individuals you believe should be reported are on this

report. The error reports above (1-3) identify conflicting information within Skyward. If a business/individual has no information in Skyward identifying it as a 1099 yet you know they should receive a 1099, the only way to know a correction needs to be made is to carefully review this report.

Paper W-9s:

Submit any W-9s collected during the year. If you set up a new 1099 vendor in Skyward, or added or corrected 1099 information to an existing vendor, a new W-9 is required. If a vendor is already setup with correct 1099 in Skyward, either by another school or in a previous year, it is unnecessary to collect an additional W-9.

Other Reminders / Complications about 1099 Reporting:

- 1) Do not ever remove vendor 1099 information (i.e. social security numbers, employer identification numbers, and/or Non-employee Compensation box). Someone else in the District needs it because they have a 1099 payment.
- 2) You can and should add 1099 information if you know you need it for your payment.
- 3) When making a payment to a vendor that someone else has marked 1099, and you believe your payment should not be 1099, do not mark/check the 1099 box on the check request screen. This means your 1099 Exceptions Error report for checks will show differences, which is fine, as long as you agree that your box should not have been checked.
- 4) If another school has already created a vendor, please do not create a new one. Use established vendors whenever possible.
- 5) The first line on the W-9 should always match information in Skyward.
 - a. For example, if the vendor gives you a social security number on the W-9, but would like the check issued to the name of a company, the W-9 should include the person's name on the first line. The vendor may be set up under the business name, but include the individual's name in the "Doing Business As" field and select option 2 "Print 'Doing Business As' (line 1) and Name (line 2)".
- 6) Misspellings in vendor names can be corrected. Just call Information Systems.
- 7) We strongly suggest that you review your 1099 information and reports monthly when reconciling to avoid problematic Decembers. The error reports can be used at any time during the year for you to problem solve 1099 issues.
- 8) District employees should never be paid with a school check for services rendered at your school or another school, unless they meet one of the two exceptions in the accounting manual (i.e referees/judges and business licenses – see page 49). School nurses are employees of the District. Please pay employees on timesheets when they do not meet one of these two exceptions.
- 9) Some vendors have refused to give us their W-9 information. In these cases, "Do not pay vendor prior to obtaining W-9 information" is placed in the address field. If you do receive W-9 information from these vendors, please update accordingly.

If you have any questions, please call Liz at (801)567-8267.

Thank you.