USAS CYE25 Closing Checklist

PRIOR TO PROCESSING - PLEASE REFER TO YOUR LEGAL ADVISOR FOR ANY SPECIFIC TAX QUESTIONS OR CONCERNS

The Form 1099-NEC will be used to report nonemployee compensation. If the following four conditions are met, you must generally report a payment as nonemployee compensation:

1. You made the payment to someone who is not your employee.
2. You made the payment for services rendered in the course of your trade or business (including government agencies and nonprofit organizations).
3. You made the payment to an individual, a partnership, an estate or, in some cases, a corporation.
4. You made payments to the payee of at least $600 during the year.

Common examples of Non Employee compensation include payments to independent contractors, fees paid for professional services such as of attorneys and accountants, and commissions paid to nonemployee salespersons that are subject to repayment but not repaid during the calendar year.

The Form 1099-MISC will be used for each person to whom you have paid the following in the course of your business during the year:

- At least $10 in royalties or broker payments in lieu of dividends or tax-exempt interest.
- At least $600 in the following:
    ▪ Rents.
    ▪ Prizes and awards.
    ▪ Other income payments.
    ▪ Generally, cash from a **notional principal contract** to an individual, a partnership or an estate.
    ▪ Any fishing boat proceeds.
    ▪ Medical and health care payments.
    ▪ Crop insurance proceeds.
    ▪ Payments to an attorney.
    ▪ Section 409A deferrals.
    ▪ Nonqualified deferred compensation.

Pre-Closing Procedures

- **IRS RESOURCE - *About Form 1099-MISC* (Please click link for IRS 1099-MISC Guidance)**
- **Review System / Configuration / IRS Form 1099 Submission Configuration**
    o ☑ District Will Submit 1099 File To IRS
   o Verify Transmitter Control Code (TCC)

    o   Verify Contact Information

    o   Job Parameter   ☐ Approved for the combined Federal/State Filing Program?   Not Checked

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The following pre-closing procedures can be completed any time prior to closing the calendar year.

_____ 1. Review all Vendors for 1099 Processing by verifying the vendors' 1099 Location, Tax ID Type, ID#, Type 1099, and Taxable YTD amounts using one or more options below:

In the Vendors grid use the **MORE** button to add the 'Type 1099, 'ID #', and 'YTD Total' columns to the grid. Under 'Type 1099' filter by **<> non 1099** to query all 1099 vendors. You can then use the YTD Total to filter on amounts (i.e. >=600). You can also save your filtered grid by using the 'REPORT' button.
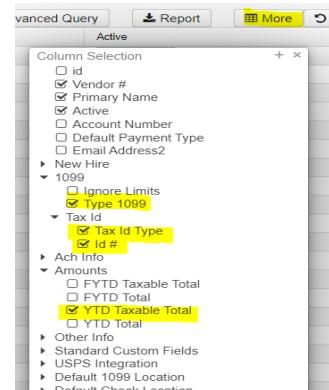
Vendor #	Primary Name	Active	Type 1099	Tax Id Type	Id #	YTD Taxable Total
			<> non 1099			>=600

_____ 2. Review the Type 1099 Tax ID Type and Id# (SSN or EIN) for all 1099 vendors to make sure they are correct and identified.

    * If a Vendor does not have a Tax ID Type or Id#, verify this is correct and they should not receive a 1099 or update the vendor record to include this information.

_____ 3. Use the Vendors grid to review Vendors that have a qualifying YTD Taxable Total that are not marked to receive a 1099.

Vendor #	Primary Name	Active	Type 1099	Tax Id Type	Id #	YTD Taxable Total
			non 1099			>=600

If Vendors are marked as "Non 1099" but _should_ be receiving a 1099, update the Vendor's Type 1099 field, Tax ID Type, and Tax ID # and verify the Name and Address marked as the 1099 Location.

NOTE: Districts with a large number of vendors may receive an error for Excessive query when using the Vendor Grid. In this case, the information can be reviewed by pulling a partially filtered grid to a Report with the type Excel-Data (enter filters that do not receive the error) and then filtering on the remaining columns in the spreadsheet.

SSDT 1099 Vendor Report

_____ 5. Run the SSDT 1099 Vendor Report to check 1099 data in order to ensure 1099 names, addresses, ID # and amounts are correct.   By default, the report includes all 1099 types. You have the ability to include all 1099 types regardless of YTD amounts or those meeting the IRS requirement. You may also run the report for specified 1099 Types (i.e. royalty payments)

The Vendor Name and Address used for 1099 reporting is based on the Vendor Location with the 1099 check box marked on the Vendor record. To update the 1099 address, modify the location or change the 1099 check mark to use a different location address.

Cotton (Demo) Schools
1099 Vendor Report

Vendor #	Name	Name 2	Address Line 1	Address Line 2	City	State	Postal Code	Tax Id Type	Tax Id #	YTDTaxable Total	YTDTotal
Type1099:	**Non_Employee_Compensation**										
8982	Washington Signs		624 Gant Terrace		Guyton		34431			$ 1,750.80	$ 1,750.80
8403	Glennville Gymnasium		633 Forry Road		Hawkinsville		03406			5,495.00	5,495.00
7912	McFadden, Alexandra		943 Maplewood Court		Lyons		09128			1,198.00	1,198.00
4140	Doraville Engineering		525 Norwood Run		Edison		08902			5,895.00	5,895.00
7333	Russo, William		547 Cathy Crescent		Pembroke		16884			3,117.29	3,117.29
7951	New Rock Hill Software		1481 Blalock Run		Dawsonville		83959			186,811.00	186,811.00
10587	Fuentes, Brandi		1798 Fess Place		Holt		58197			600.00	600.00
4966	Barnesville Textiles		1253 Mulberry Run		Dock Junction		32336			2,257.11	2,257.11
10586	Iron City Motors		1276 Cattle Boulevard		Oglethorpe		58804			600.00	600.00
										$ 207,724.20	$ 207,724.20
Type1099:	**Medical_and_Health_Care**										
5835	Higgston Engineering		1083 Shepherd Square		Parrott		32148			11,100.00	11,100.00
										$ 11,100.00	$ 11,100.00
Type1099:	**Royalty_Payments**										
7901	Bristol Industries		1509 Ferrell Place		Waynesboro		16596			1,157.05	1,157.05
										$ 1,157.05	$ 1,157.05
Type1099:	**Attorney_Gross_Proceeds**										
9868	Flemington Insurance		1289 Vetter Blvd		Baconton		54932			10,699.50	10,699.50
										$ 10,699.50	$ 10,699.50
Grand										$ 230,680.75	$ 230,680.75

You may want to change the filter when you run the report to look for different issues. The report is setup to run for Non-1099. You may want to change the Type 1099 Operation from Not equals to Equals and verify none of these vendors should receive a 1099.

Restore			Save As
SSDT 1099 Vendor Report ⌄	Import Report		SSDT 1099 Vendor Rep

Select Properties	Configure Filters	Generate Report	
Display Name	**Operation**		**Filter Value**
Type 1099	Not equals ⌄		Non_1099 ⟵
YTD Taxable Total	Greater or equal ⌄		param("ytdtax","","YTD Taxable Total g
As Of Period	Equals ⌄		param("asOfPeriod","","Total As of Per
Type 1099	One of ⌄		param("type1099",,"1099 Type(s): (No

Vendor Adjustments

_____ 5. Enter Vendor Adjustments to correct YTD Taxable Total amounts if needed.

If the YTD Taxable Total needs to be updated for a vendor (Void Prior FY Check, Royalties, combining Vendor records, Payments to Athletic officials by Arbiter, deceased employee, etc.) the Vendor Adjustments option can be used to modify the YTD Taxable Total and YTD Total fields.

The Vendor Adjustments option can be found by clicking the View icon   👁   on the Vendor. The amount can be entered as positive or negative to increase or decrease the totals. **Make sure the 'Taxable' check box is marked in order to update the YTD Taxable Total.**

For more information see the <u>Vendor Adjustments section</u> on the Vendors page.

Vendor Merge

The **Merge Vendors** option is only available if those vendors have the exact same Tax ID Type, Tax ID#, 1099 Type and are active. Once the vendors are merged, will have the ability to unmerge if necessary. The vendor(s) being merged will no longer be active and the associated transactions beginning with calendar year selected will now be linked to the primary vendor. An output report will generate showing any transaction that will be updated to the new vendor as a result of the merge. A copy of this report is automatically sent to the Calendar Year section of the File Archive.

Month-End Closing

_____ 1. Enter all transactions for the current month.

_____ 2. Reconcile USAS records with your bank(s) with the **bank reconciliation procedure.**

- o Under the Periodic menu, select 'Cash Reconciliation' to enter your cash reconciliation information for the month.
- o Generate the **SSDT Cash Summary** report and the **SSDT Financial Detail Report.**
  - o The Financial Detail Report may be run for the month only to compare MTD totals reported on the Cash Summary Report.
  - o Compare the totals from both reports... they should be identical.

If all of the above steps are performed and the totals all agree, you are in balance and may proceed with the next step.

_____ 3. *Optional Step:* Run a **'Spending Plan Summary'** report.

_____ 4. Manually generate any additional reports that may not be included in the Monthly Reports Archive when the Month/Calendar year is closed.

The Monthly Reports Archive is now available under Utilities>File Archive and will automatically run when the Posting Period is closed. This bundle includes 27 SSDT Template reports. A list of included reports can be found **here**.

Calendar Year-End Steps

_____ 4. Generate any additional Calendar Year End Reports desired.

o   The **Proration Utility** can be used to assist in calculating Workers' Comp or insurance cost. Please see additional PowerPoint posted on our Fiscal Documentation website.

_____ 5. *Important* Review the IRS Form 1099 Submission Configuration under System/Configuration menu.

Printing/Generation 1099 Files

_____ 6. Under Periodic, run the 1099 Extracts program.

- o   NOTE: Select 2025 as the Payment Year
    - o   Select Type of Return(s) – check one or both
    - o   1009-NEC
    - o   1099-MISC
- o   Select the appropriate **Output File Type**:
    - **XML** Format is the output file to be used when printing 1099s via third party printing software – this format will be used by Connect to print district's tax forms
    - **IRS Format (TAP)** is the output file used to generate the TAP file for IRS submission file. The file generated will be stored in the Calendar Year Report Archive.
        - ▪   NOTE: If the System/Configuration for IRS Form 1099 Submission Configuration is checked to submit your IRS file, the system will also generate a 1099.TXT transmitter report.
    - **Reference Copies** generate as PDF to save for your records.
        - • Copy 1 - For State Tax Department
        - • Copy 2 - Recipient's State Copy
        - • Copy A - Internal Revenue Service Center copy
        - • Copy B - For Recipient - If Copy B is chosen, you also have the ability to truncate the TIN/EIN numbers.
        - • Copy C – For Payer
    - **Printer/Sealer Copies** generate as PDF and contain both Copy 2 and Copy B for direct printing of copies to provide 1099 vendors. These are formatted to fit 8 1/2 X 11 Z-Fold forms only.
    - ▪   **Vendor –** Leave blank to include all vendors or select a specific vendor(s).
    - ▪   **Output File Name** is pulling the information entered under the Core/Organization
    - ▪   **Exclude Vendors With No Tax ID** By default, the system is set to exclude vendors without a tax ID, but it may be unchecked to include Vendors with No Tax ID.
    - ▪   **Review Organization Data** Federal TIN, Name, Address, Phone
      Additional menu options are necessary when the district submits to the IRS: Contact's Name, E mail, Submission Type, Prior Year Submission (if applicable) and uncheck Approved for Combined Fed/State Filing Program
    - **Prior Year Submission?** This option is displayed only if the district has the IRS Form 1099 Submission Configuration enabled to submit their own IRS file

electronically. Check the box if submitting a 1099 file to the IRS for a past year, and the options will change.

- **Approved for Combined Federal/State Filing Programs?** This option will only show if the district has the IRS Form 1099 Submission Configuration enable. Should only be checked when the district has prior approval from IRS for combined filing.

- **Submission Type:**
  - Original – Submission type used for the original submission file.
  - Type 1 Correction – Submission type used for Type 1 Corrections.
  - Type 2 Correction – Submission type used for Type 2 Corrections.
  - Test – Submission type used by districts to test their first IRS submission through FIRE with the IRS. *The FIRE system will be offline for annual updates Nov. 19th through Jan. 6th.*

- **Amount Type Limit:** Per the IRS, the limit is $600 or more for Non-Employee Compensation and Misc. USAS defaults this field to $600 but user can modify.

- **Royalty Type Limit:** Per the IRS, if the total Royalty payments to a vendor equal or exceed $10 in a calendar year, a 1099 is required.

- **Payer Name Control:** Optional field for the 4-character code that the IRS assigned when the district applied for their TCC#.

  - **Print 1099 Report** Click [Print 1099 Report] to generate 1099 reports in PDF format. This report will include both active and inactive vendors. Should be used to review for accuracy before generating the <u>final</u> 1099 Extract Report when the **Generate** option is selected.
    - Generates a file named 1099-NEC.PDF if the '1099-NEC' is checked under Type of Return.
    - Generates a file named 1099-MISC.PDF if the '1099-NEC' is checked under Type of Return.
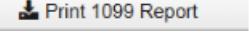
- Click **Generate** to generate each of the **Output File Types** needed. More information on each Output File Type can be found above. When the Output File Types are generated, they will be stored in the Calendar Year Report Archive.

  - **IRS Format**

  - **XML Format**

  - **Reference Copies**

    - Copy 1 – For State Department

    - Copy 2 – Recipient's State Copy

    - Copy A – Internal Revenue Service Center copy

    - Copy B – For Recipient

    - Copy C – For Payer

  - **Printer/Sealer Copies**

____ 7. **Close the Month and Calendar year** After completing all month-end and year-end tasks – including generating 1099s – go to Core/Posting Periods. Select the folder icon to close the current posting period (December).

▪ The Monthly Archive Report bundle will automatically generate when the December Posting Period is closed.
▪ The Calendar Year Report bundle will automatically generate when the December Posting Period is closed.

⚠️ **Please keep December current until the completion of the month-end and year-end bundles**.

_____ 8. **Create January Posting Period** Click on create to create the new posting period. Select the month, enter the calendar year. After month-end and calendar-end bundle have completed you can checkmark the 'current' box to make the new posting period current.

Additional Information

● You may want to visit the IRS TIN Matching website. Once you log in with your ID.me account you can enter the Vendor's SSN/EIN and the Name to verify they are a match with the IRS.

https://www.irs.gov/tax-professionals/taxpayer-identification-number-tin-matching

● IRS Fire – TCC code/Account Setup – please reach out to notify us if you all of your employees tied to the TCC code are no longer with the district. This is the last year for the IRS Fire System. For CYE26 the IRS is implementing the new IRIS System for submitting 1099s. We will assist you next year with acquiring an IRIS Taxpayer Portal TCC code.

NOTE: ALL OF PAYROLL MUST BE POSTED PRIOR TO CLOSING BUDGETARY/USAS

Please email your questions to **fiscal@ohconnect.org**

Please check back regularly for CYE-related updates posted on our website!