

OFFICE OF STATE FINANCE DCAR NEWSLETTER

Volume 15, Number 2

FY-2004

December 14, 2004

		ROUTE
TO:	Agency Finance Officers	General Accounting (Deposits, Fund Balances, etc.) _____
		Agency Special & Clearing Accounts _____
FROM:	Brenda Bolander	Miscellaneous Claim Preparation _____
	State Comptroller	Payroll _____
		Purchase Order Preparation _____
		Late Payment to Vendors _____

The last issue of the *DCAR Newsletter*, Volume 15, Number 1, was issued on November 10, 2004. If you did not receive a copy of our last issue, consult your agency's finance officer or notify Norcetta Whitfield of OSF at 405-521-6203.

The DCAR Newsletter is also available on the OSF Comptroller's Home Page at <http://www.state.ok.us/osfdocs/comptrol.html>.

Questions or comments about information contained in this publication should be addressed to those noted in the article or the following Division of Central Accounting & Reporting (DCAR) staff members:

Transaction Processing: Steve Wilson	405-521-4679	steve.wilson@osf.state.ok.us
Accounting & Financial Reporting: Jennie Pratt	405-521-3258	jennie.pratt@osf.state.ok.us
ICS or EDT Transmission: Jennie Pratt	405-521-3258	jennie.pratt@osf.state.ok.us
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1099MISC Reporting for ASA Accounts and P-Cards

Agencies are required to submit data for compliance with 1099 reporting on Agency Special Accounts (ASA). The Office of State Finance is working with Bank One to accumulate all purchase card transactions (P-card). Any payment which would have been recognized in treasury funds as an expenditure subject to 1099 reporting should be included in the submitted file. This information should be submitted electronically using the EDT Layouts attached. The data must be submitted by January 12, 2005.

The 1099 listing which is provided to agencies will be run on January 3, 2005. This listing will include only that ASA data which has previously been transmitted. Corrections to this listing must be returned by January 12, 2005.

The 1099MISC forms require a phone number for the payor. The program will search our agency database and insert the phone number for the finance officer of the agency.

Payroll - End of Calendar Year 2004

- December 17, 2004 - Last day refund of taxes due to overpayments can be returned to agencies. (see article below)
- December 23, 2004 - December 23, 2004 at 12:00 noon is the latest that OSF will process EFT (direct deposit) cancellations for pay dates in calendar year 2004.
- December 23, 2004 - OPM Agency Payroll system will be down from 5:00 pm on December 23, 2004 through 12:00 noon January 3, 2005. Please note that OPM's IMS will be available for updates during this period (except for the entry of new hires from December 24, 2004 through January 3, 2005). Also note that longevity payrolls cannot be run before January 3, 2005 due to rate changes in unemployment and FICA for year 2005.
- December 28, 2004 - Last day OSF will process payrolls for calendar year 2004. All payrolls must be delivered to OSF by 2:00 pm on this date. The electronic payroll system will close at 2:00 pm for the transfer of payroll. Any payrolls received but not processed will be voided out of the system and must be resubmitted on or after January 3, 2005 with new claim numbers and new rates.
- December 29, 2004 - Backup withholding payments from agencies must be received by OSF. (see article below)
- January 3, 2005 - OSF payroll system will be down for end of year processing and payroll changes. On January 3, 2005, at 12:00 noon, OSF will begin processing payroll.
- January 7, 2005 - Payroll warrant cancellations for calendar 2004 must be received at OSF by 3:00 pm on January 7, 2005. Any 2004 payroll cancellations received after January 7, 2005 will require a corrected W-2. Please note that payroll cancellations for 2005 issued payrolls may not be submitted until on or after January 11, 2005.

Payroll - Calendar Year 2005

Listed below is information necessary for payroll processing in calendar year 2005.

- January 3, 2005 - OSF will begin processing payroll at 12:00 noon for 2005 warrant pay dates.
- January 11, 2005 - Payroll cancellations with 2005 pay dates can be processed.
- Withholding Fund - Payrolls processed after January 1, 2005 will post withholdings to the 994 class (fund number), which is the same as in 2004.

Rates & Maximums

(Year 2004 rates are provided for comparison purposes):

	<u>2005</u>	<u>2004</u>
FICA (Social Security) Withholding Rate	6.2%	6.2%
FICA (Social Security) Gross Maximum	\$90,000.00	\$87,900.00
FICA Annual Maximum Withholding	\$ 5,580.00	\$ 5,449.80
MQFE (Medicare) Withholding Rate	1.45%	1.45%
MQFE (Medicare) Gross Maximum	No \$ Max	No \$ Max
MQFE Annual Maximum Withholding	No \$ Max	No \$ Max
Unemployment Rate	1.0%	1.0%
Unemployment Gross Maximum	\$13,800.00	\$14,300.00
Unemployment Annual Maximum	\$ 138.00	\$ 143.00

Tax Reporting Information for 2004

At the end of each tax year OSF prints IRS tax forms for agencies and submits this information to the IRS. Regulations generally require the agencies to distribute the tax forms to recipients by January 31 of the subsequent year. So within a narrowly defined time period, OSF and agencies must coordinate the transmission of data and distribution of the printed forms.

In November, 2004, colleges and universities are provided a specialized packet of information regarding IRS Reporting for Higher Education institutions. The following information applies to all state agencies as well as colleges and universities. The issues that were addressed in the specialized packet of information remain applicable and are not included in the list below.

Important Dates for IRS Reporting Deadlines:

<u>Completion Date</u>	<u>IRS Form</u>	<u>Submit Information</u>
January 7, 2005	W-2	Last day to submit payroll cancellations

	1099 R	Last day to submit payroll adjustments to OSF
January 12, 2005	1099 M W-2, 1099R	Last day to update vendor information/transactions
January 12, 2005	1099 M	Last day to submit EDT petty cash, ASA
January 18, 2005	All forms	Noon. Agencies may pick up forms. OSF will ship forms at the request and expense of the agency.
January 24, 2005	All forms	If forms are not picked up by 8:00am, OSF will distribute the forms in the customary method.

Reminders

W-2 and 1099 Reporting for 2004: OSF will have W-2s and 1099s ready for release on January 18, 2005. Agencies may pick up the forms from OSF at the State Capitol Building. If an express mail service or courier is to be used, please notify OSF with the necessary information. If the forms are not picked up, OSF will mail them through our normal process. If you intend to pick up your W-2 forms at the Capitol, please check our website in January for details on parking and room location for pickup.

Parking and Security Issues: Short term parking will be available at the east entrance of the Capitol in the spaces posted for 15 minute parking on the sides of the circular drive. The attendants there may be able to find an alternate space if these spaces are full, but you will need to ask them. There is no parking permitted directly in front of the steps that lead into the Capitol. Parking will also be allowed at the delivery entrance on the west side of the Capitol for those who have carts or dollies. Other parking options are to park in the parking area on the south side of the Capitol or you may park in the lot on the east side of Lincoln Boulevard and use the tunnel. Metal detectors have been installed in the Capitol. Be prepared to show picture ID and all personal property is subject to search.

Correcting W-2s: Corrected W-2 forms must be delivered to OSF by February 18, 2005. Please send the original W-2, a copy of the corrected form, and a letter explaining why you are making the correction. If the correction is due to a statutory canceled warrant which is not to be replaced, you must also send a letter asking that the warrant not be replaced. Note: Because a warrant has been canceled by statute is not a reason for such a W-2 correction. If it was a valid payroll payment, the employee is still entitled to a replacement warrant, therefore, the W-2 reporting is proper.

Listed below is contact information for OSF personnel working on the IRS reporting project for tax year 2004.

OSF Accounting and Reporting

Fax 405-521-3902

- Linda Roe, Payroll Accountant
Phone 405-521-3258
E-mail Linda.Roe@osf.state.ok.us
- Barbara Low, Accounting and Reporting Analyst
Phone 405-522-6300
E-mail Barbara.Low@osf.state.ok.us

- Beth Brox, Administrative Assistant
Phone 405-522-1099
E-mail Beth.Brox@osf.state.ok.us
- Jennie Pratt, Accounting and Reporting Supervisor
Phone 405-521-6160
E-mail Jennie.Pratt@osf.state.ok.us

Reminder: New Withholding certificates may be required (Form W-4)

An employee who certified to his or her employer on Form W-4 (Employee's Withholding Allowance Certificate) that the employee had no income tax liability for 2003 and anticipated no income tax liability for 2004 was entitled to an exemption from withholding for 2004. This exemption is effective until February 14, 2005, and must be renewed at that time if conditions remain the same. However, if the employee expects to incur income tax liability in 2005, a new Form W-4 must be given to the employer by December 1, 2004.

Envelopes

The format for the W-2 forms will be the same as that used for 2004. Envelopes that fit the 2004 W-2 forms should fit the 2005 W-2 forms.

Backup Withholding

Agencies that have collected backup withholding on miscellaneous claims need to submit payment to be received by OSF prior to December 29, 2004. Make checks payable to the State Contribution Fund.

Refunds of Taxes for Overpayments to Employees (Form 94)

The last day agencies can submit requests for refunds of 2004 payrolls related to employee overpayments is December 17, 2004. Refunds cannot be returned to the agencies after this date. Corrections due to overpayments will still be posted to the employees W-2 information for requests submitted through January 7, 2005.

EDT - 1099 Vendor Information

Dataset Name: OSFCLM.TCLM.A###.MISC1099.VEND.LIST

Record Length: 107

File Description: Contains 1099 vendors for the requesting agency.

--COLUMNS--

FRM	TO	LENGTH	DATA-TYPE	DESCRIPTION
1	1	1	CODE_SSN_EIN	Flag to determine if Tax ID Number is an EIN or SSN or Unknown Values are E = EIN S = SSN "" = Unknown
2	2	1	FLAG_FOREIGN	Flag to determine if vendor's address is outside the U. S. Values are Y = Foreign address N = US address

3	11	9	NUMB_TAX_ID	Required. Tax ID Number. Right justified filled with leading "0"s
12	41	30	NAME_TAX_ID	Required. Payee name. Enter name of payee whose Tax ID number appears in position 3-11. Surname first if possible
42	71	30	ADDR_STREET	Required. Payee street address. Do not enter City, zip or state information in this field. (If position 2 = Y then position 42-107 can contain the foreign address including city and country information.)
72	96	25	ADDR_CITY	Required unless FOREIGN address. Payee city. Do not enter zip or state information in this field. If position 2 contains a Y this field may contain your FOREIGN address.
97	98	2	ADDR_ST	Required unless FOREIGN address. Payee State. You MUST use valid U. S. Postal Service state abbreviations. If position 2 contains a Y, this field may contain your FOREIGN address.
99	103	5	ADDR_ZIP	Required unless FOREIGN address. Payee 5 digit zip code. Enter valid ZIP CODE assigned by U. S. Postal Service. If position 2 contains a Y this field may contain your FOREIGN address.
104	107	4	ADDR_ZIP_PLUS_4	Payee 4 extra digits of zip code blank fill if unknown. If tape position 2 contains a Y this field may contain your FOREIGN Address.

EDT - 1099 Transaction

Dataset Name: OSFCLM.TCLM.A###.MISC1099.TRAN.LIST

Record Length: 91

File Description: 1099 Transactions processed for requesting agency.

--COLUMNS--

<u>FRM</u>	<u>TO</u>	<u>LENGTH</u>	<u>DATA-TYPE</u>	<u>DESCRIPTION</u>
1	3	3	CODE_FUND	3 digit fund number. Should be valid fund code for agency number in position 4-6. ZERO fill if unused.
4	6	3	NUMB_AGENCY	Required. 3 digit agency number. MUST be a valid state agency number.
7	12	6	CODE_ACCT	6 digit account number. An Account number for valid fund agency in position 1-6. ZERO fill if unused.
13	22	10	NUMB_WRNT	Required. A 10 digit number identifying warrant.
23	31	9	NUMB_TAX_ID	Required. Tax ID Number. Right justified filled with leading "0"s
32	35	4	CODE_OBJECT	Required. Object code number. 4 digit code used to identify class of expenditures when coding claims for payment.
36	37	2	CODE_AGENCY_OBJ_USE	2 digit number for use by the agency. Zero fill is not used.
38	45	8	DATE_ISSUE	8 digit date field in the form YYYYMMDD. For example: January 5, 1989 would be 19890105. ZERO fill if unused.
46	55	10	AMNT_EXPN	Required. Signed number. Left Justified and ZERO filled. DO NOT put decimal in field.
56	61	6	NUMB_CLAIM	6 digit number. ZERO fill if unused.
62	91	30	TEXT_NAME_VENDOR	Payee name. Enter name of payee whose Tax ID number appears in position 23-31. Surname first if possible. Blank fill if unused.

Cancellation of Payroll Warrants and Direct Deposits

Cancellation of Payroll warrants and direct deposits must be requested via the revised OSF Form PWC, dated October 2004. The revised form now accommodates either a warrant or a direct deposit, and it is available on the Comptroller's website.

Warrant Cancellations: The original warrant must be marked cancelled, attached, to the completed PWC form, and then sent to OSF Transaction Processing. These requests cannot be faxed.

Direct Deposit Cancellations: Request for cancellation of direct deposits must be made by completing the revised PWC form and faxing it to OSF to initiate the cancellation procedures. To ensure that direct deposit funds are returned, the PWC request must be received by 2:00 PM three business days prior to the effective pay date. Any request for cancellation of direct deposit after that cutoff will be subject to recall or reversal procedures which are subject to denial by the employee's bank.

Fax OSF Form PWC (10/04) to 405-521-3902, attn: Linda Roe

After faxing the request to OSF, the original paperwork must be forwarded to OSF Transaction Processing. Once the funds have been returned to the State, OSF will process a cancellation in the payroll system which returns the funds to the agency. If the funds cannot be recovered from the bank, then the agency must follow the existing overpayment procedures.

Tax Refund Policy

Effective January 1, 2005, the Office of State Finance will only issue refund checks for employee taxes (social security, medicare, federal or state income taxes) when it cannot be accommodated on the employee's next paycheck. Agencies will be expected to make corrections to taxes on the next paycheck after the error has been discovered. Amended W-4 forms received after the payroll processing date will not take effect until the next regular pay cycle.

Exceptions will be made for tax refunds due to treaty changes and/or terminated employees. If the refund does relate to a FICA code change and the employee has existing payroll records, a memo must be sent to OSF advising us of the change.

Mileage Reimbursement Rate Increases for 2005

The Internal Revenue Service has announced an increase in the standard mileage reimbursement rate, effective January 1, 2005, to \$0.405 per mile. For more information, see Internal Revenue Procedure 2004-64, Internal Revenue Bulletin 2004-139, 11/17/04. This rate is an increase from the \$0.375 rate for 2004. The new rate is for travel incurred on and after January 1, 2005. It is not for 2004 travel reimbursement claims submitted after January 1st.

STATE OF OKLAHOMA REQUEST FOR PAYROLL WARRANT/DIRECT DEPOSIT CANCELLATION

TO: THE DIRECTOR OF STATE FINANCE

FROM: Agency Name _____ Agency No. _____

Approving Officer Title Date

Item Information: (check one) Paper Warrant Direct Deposit

Claim # and FY: _____ Payment ID #: _____

Individual ID: _____ Individual Name: _____

Amount: _____ Debit or Credit: CREDIT

Effective Date: _____ Date of Death (if applicable): _____

Reason for Recall: _____

Bank Name: _____

Transit/Routing: _____ Account Number: _____

(For Bank One use)

RDFI Contact: _____ Phone: _____

_____ Fax: _____

1st Follow-up _____ vm msg Stop Hold: _____

2nd Follow-up _____ vm msg Date Returned: _____

DIVISION OF CENTRAL ACCOUNTING AND REPORTING

By Date

NOTE: Statutory cancelled warrants should not be submitted on this form. If statutory cancelled warrant is to be reissued, use OSF Form 20, "Request for Replacement of a Warrant Cancelled By Statute." If statutory cancelled warrant was issued in error and is not to be reissued, submit warrant with letter asking for warrant not to be reissued.