THE BOTTOM LINE

Volume 11, Issue 1 Spring 2009

Dear Colleagues,

The winter seems to be dragging on and I'm definitely ready for some warm weather.

The budget process and cycle changed this year. First of all, the development of the FY10 budget is still in process, and will be approved by the Board of Trustees at the May meeting instead of the March meeting. In addition, the operating budget submissions included all requests rather than separating the requests for new money for review by a Program Improvements Committee. The newly created Budget Committee reviewed all division budgets, and met with each Cabinet member and Dean individually.

This has been a challenging year due to the world economy, but as you read from Dr. Ayers' letter to the community, the University of Richmond is taking steps to protect our core mission. The strong financial base will help us through these challenges.

Our next issue will contain all the important year-end information with due dates and schedules, so don't miss it!

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UNIVERSITY OF RICHMOND
FOUNDED 1830

Did You Know......................

Effective January 1, 2009, the mileage reimbursement rate for business travel is .50 per mile. This rate is for faculty, staff, students, and independent contractors.

Want to learn about the effect of the Economic Stimulus Plan on your paycheck?
Go to the PAYROLL article on page 5

GRANTS ACCOUNTING

Sign Here Please

As you know, if you are the PI of a federal, state or private grant, Robert Plymale has been and will be asking for your signature a lot.

Robert will ask for your signature on invoices, check requests, travel reimbursements, job approval forms, purchasing card statements and time and effort reports for federal grants, to name a few.

Any transaction that happens on a federal, state or private grant needs the P.I.'s signature, as well as Robert's signature, before anything can be processed. The P.I.'s signature states you agree with and understand the charge to your grant; Robert's signature states the charge is allowable on your grant.

Failure or delay in getting the P.I's signature will delay the payment or reimbursement that you, as the P.I., are trying to make. In some cases failure or delay in getting signatures will result in audit findings against the University or Richmond.

If you ever have any questions or do not understand why you are being asked for your signature, please feel free to contact me at rplymale@richmond.edu, x8178. I am always happy to help. Thank you.

Also please be on the lookout for the summer salary request forms for faculty, staff and students. They will be sent out to all PI's in early March. They will need to be completed and returned ASAP because the forms must be routed to other departments before payment can be made. Late forms could result in delay of paychecks.

GENERAL ACCOUNTING

Procedures for Petty Cash Accounts

Replenishing your petty cash account:

When you need to replenish your petty cash account, please submit a check request to the Accounts Payable Office, G-13 Maryland Hall. (You do not need to submit the check request to the Accounting Office for replenishment purposes. The Accounting Office sets up petty cash accounts and closes them; we do not replenish the funds.) The check request should be made payable to the person in charge of the petty cash account. Receipts totaling the request should be attached to the check request. Code the check request according to the receipts and the purpose of the expenses. Please note on the request that it is for petty cash reimbursement. By noting this information on the check request, Accounts Payable will know to cut a check rather than issuing a direct deposit to your bank account. When you receive the check, please cash it and return the funds to your petty cash account.

Assigning a new responsible person to your petty cash account or starting a new petty cash account

If you are the responsible person for the petty cash account and you leave the University or your department, you need to settle the petty cash account with the Accounting Office. The Petty Cash Account has been issued in your name so if you leave, we need to remove you as the responsible person. You would first submit a check request to bring the petty cash account back to its original amount. After you have the entire amount of your petty cash account in hand, bring the cash to Deanna Janss in the Accounting Office. Deanna will verify that the amount of petty cash you are returning agrees with what we have on record as the amount issued to you. If the amount agrees, Deanna will deposit the funds returning them to the University and she will remove you as the owner of the petty cash account. This will protect you from any issues that may arise with the petty cash account after you have left.

If the department wants to continue with a petty cash account, another person from the office will need to complete a check request form to establish the petty cash account in their name and submit it to Deanna Janss. Deanna will code the request and submit it to the Accounts Payable Office for processing. Remember, establishing a petty cash account does not take funds from your budget; instead, the University gives you the funds to use. Your budget is charged when the funds are spent and the petty cash account needs to be replenished.

Year end responsibilities for your petty cash account

In June each year, the responsible person will be sent a memo from the Accounting Office to verify the amount of petty cash on hand. The memo will state the amount we have on record as your petty cash amount. The actual cash you have on hand plus all receipts should equal the amount on the memo. If the amount agrees, sign the memo and return it to Deanna Janss in the Accounting Office. If the amount listed on the memo does not agree, please note the reason for the difference on the memo, sign it and return it to Deanna Janss. Deanna will contact you concerning the difference and will work with you to bring your petty cash account back in balance with the University's record.

ACCOUNTS PAYABLE & CORPORATE ACCOUNTS

Travel and Entertainment Expense Reimbursements
We are very pleased with how well the new BannerWeb Travel & Entertainment Expense Reimbursement System is being utilized across campus. With this system, reimbursement requests are processed immediately upon Accounts Payables' receiving of the receipts from the approver or traveler. Reimbursements not submitted through the new system are currently taking 3 weeks or longer for travelers to receive their reimbursements. Please encourage everyone in your area to use the BannerWeb system for submission of their expense reports and remind everyone to send the signed documents and receipts to Accounts Payable as soon as possible in order to receive their reimbursement.

Check Requests with Invoices
Did you know that if you have an invoice from a vendor, you DO NOT need to attach a check request with the invoice before sending it to Accounts Payable for payment? For invoices, all we need is an approval signature, the taxpayer ID number, and the index/account code to charge written on the invoice and we can issue the payment. Preparing a check request for invoices is a waste of your time and paper and is not necessary. In this age of "going green", isn't it time for you to eliminate those unnecessary check requests, not to mention saving your budget the cost of paper?

Attachments with Checks
Last fall, Accounts Payable instituted a policy of no longer returning checks to departments. If you have documents that must be mailed with a check, such as membership forms, registration forms, etc., please remember to make a copy of the form for AP so that the original form can be mailed with the check. Please place the original in an envelope and attach it to your payment request. Once the check is cut, we will put it in the envelope with your attachments. Failure to provide an extra copy for AP, or an envelope, may cause your check to be mailed without its supporting documents.

Equipment Purchases
In some instances faculty and/or staff will purchase equipment such as computers, digital cameras, MP3 players, etc., and request reimbursement. Even though the money used may be endowed funds or grants, if the item is purchased by the University or if the University reimburses an employee for the purchase, the item becomes the property of the University. Employees cannot keep these items when they leave UR's employment. Please make sure everyone in your area is aware of this.

Reimbursements to Independent Contractors to be Reported as Taxable
Effective with this calendar year, when Accounts Payable issues payments and reimbursements to an independent contractor i.e. guest speaker, performer, etc., the entire payment, including the reimbursement will be reported to the IRS as taxable income. The individual may be able to claim the reimbursement as a deduction on their tax return, but should discuss it with their accountant first.

The IRS uses several factors to determine if an individual being paid by a company is an employee of the company or an independent contractor. One thing that the IRS uses to help determine the classification of the worker is whether or not the person is reimbursed for expenses. If someone is reimbursed and the reimbursement is not reported as taxable income, the IRS may look at those payments as reimbursements to "employees". Because there are dire consequences for not properly classifying a worker as an employee, the University will no longer reimburse independent contractors for their expenses without reporting the reimbursement as income. The payment, as well as, the reimbursement will be reported on a 1099 form. Please make sure your guest speakers, performers, etc. are notified of this upfront.

This change pertains only to payments made to independent contractors where we pay the person an honorarium and we also reimburse them for their expenses. If someone is only being reimbursed and is not receiving any other compensation from

ACCOUNTS PAYABLE & CORPORATE ACCOUNTS
Continued

the University, we will not report the reimbursement as taxable. Job candidates being reimbursed for their travel expenses are also exempt from this new rule.

Sam's Club Receipts
When making purchases using the Sam's Club corporate account, please remember to send the receipts to Jean Hines as soon as possible after your purchase. We have a small window of time to issue the payment to Sam's Club before they charge us late fees. If the payment is late due to your sending in your receipts late, the late fee will be charged to your budget.

Email Security
When corresponding through email, please do not include such information as social security numbers, credit card numbers, or bank information. Email is not secure and this information can easily get into the wrong hands and cause identity theft or fraud. When corresponding with Accounts Payable and you need to provide an SSN or credit card number, please call the AP staff and give them the information over the phone. If you are corresponding about a university credit card, such as a departmental P-card, the only information we need is the cardholder's name and the last 4 digits of the credit card number.

PAYROLL

W-2 information
W-2 forms were mailed January 30th to employees' permanent addresses to those who did not opt for an electronic W-2. If you did not receive your W-2 and you are a current employee, you still have the option to access your W-2 electronically on BannerWeb. Instructions are available on our website at http://controller.richmond.edu/forms/2008W2Newsletter.pdf. Requests for Payroll to print a duplicate W-2 copy must be made in writing to the Payroll Office and must include the following information: name, last four digits of your SSN, current address and date of request. Reprints of W-2s are processed on Fridays.

Frequently Asked Questions:

The amount in Box 1 is less than my total wages for the year. Is my W-2 incorrect?
The figure that appears in Box 1 is your federal taxable gross. Your taxable gross can be less than your gross if you take advantage of any pre-tax benefits such as health insurance, disability, and dependent care reimbursement. The amounts deducted from your checks for these benefits reduce your taxable income.

Why are my Social Security Wages and Medicare wages different from my Federal taxable wages?
Federal taxable wages are reduced by retirement deductions. Retirement deductions do not reduce Social Security and Medicare wages.

I am a faculty member who did not work in 2008 and I received a W-2. Is this an error?
If you are a faculty member who taught in the fall of 2007 but did not teach in 2008, you would have a W-2 reflecting wages paid to you on January 2nd, 2008 for the pay period of December 2007. Wage reporting is based upon the date that wages are received.

What are the codes in Box 12?
The codes used in Box 12 are identified on the back of your printed W-2 and were sent via email to all employees who opted for an electronic W-2.

I am a student employee. I have noticed that my Social Security and Medicare Taxable Wages are less than my Federal Taxable wages. Why is this?
Student employees are exempt from social security and Medicare taxation for wages earned during the academic year at the educational institution which they attend. (Students must be enrolled at least half time to qualify for the exemption.) Summer earnings are not exempted from taxation. Occasionally pay periods will cross the end or beginning of an academic year, and earnings during that period will be treated as taxable.

If you have questions regarding your W-2 that are not addressed above, please contact the Payroll Office at 289-8171 or by email at payroll@richmond.edu.

PAYROLL
Continued

Economic Stimulus Plan and Your Paycheck
Many are asking: What effect will the Economic Stimulus Plan have on my paycheck? There will be a credit that will affect the bottom line of most employees' paychecks. Available for tax years 2009 and 2010, the **Making Work Pay** credit is 6.2 percent of a taxpayer's earned income with a maximum credit of $800 for a married couple filing a joint return and $400 for other taxpayers, but it is phased out for higher income taxpayers. Most workers will qualify for the maximum credit. Because the credit is refundable (people can get it even if they owe no tax), most low-income workers will also qualify for the full credit.

Eligible workers will get the benefit of this change without any action on their part. New tax tables from the IRS will be made available to employers who must have them in place by April 1st. This means that workers don't need to fill out a new W-4 withholding form to get the **Making Work Pay** credit reflected in their take-home pay. A Form W-4 will not need to be submitted for the automatic withholding change. Individuals and couples with multiple jobs may want to submit revised Form W-4 forms to ensure enough withholding is held to cover the tax for the combined income. Publication 919 provides additional guidance for tax withholding.

Though all eligible taxpayers will need to claim the credit when they file their 2009 income tax return next year, the benefit will be spread out over the paychecks they receive beginning this spring and continue until the end of the year

Many higher-income taxpayers will see little or no change in their take-home pay. That's because the Making Work Pay credit is phased out for a married couple filing a joint return whose modified adjusted gross income (AGI) is between $150,000 and $190,000 and other taxpayers whose modified AGI is between $75,000 and $95,000.

Taxpayers will not get a separate, special check mailed to them from the IRS like last year's economic stimulus payment.

INTERNATIONAL TAXATION

2008 – Tax Filing for Nonresident Aliens
Nonresident aliens (NRAs) have tax filing obligations just like U.S. citizens and resident aliens. A non-resident alien is subject to U.S. tax on U.S. source income. The tax is generally withheld from the payment made to the foreign person. The NRA has an obligation to file the appropriate tax return(s).

W-2:
Any NRA who received employment income in 2008, which was not exempted from tax withholding by a tax treaty, will receive a W-2 from the University of Richmond's Payroll office. The W-2 is basically a receipt that shows how much employment income was earned and how much was paid in federal taxes, state taxes, FICA, etc. The W-2 is used to complete the federal and state tax returns.

1042-S:
Any person who received employment income in 2008, which was exempted from tax withholding by a tax treaty OR any person who paid tax on a non-qualified scholarship (billed as ITAX on the student bill) OR any person who did not pay tax on a non-qualified scholarship because of a treaty exemption, will receive a 1042-S from the Office of International Taxation. This form will list the various types of taxes paid, or not paid, as the case may be. The 1042-S is used to complete the federal and state tax returns.

Federal Tax Forms:
Receipt of either, or both, a W-2 and 1042-S require that a tax return must be filed with the IRS. The two forms used by NRAs are the 1040-NR and the 1040-NR EZ. The 1040-NR is the longer form and is used by those who receive honorarium payments (i.e. self employment income). The 1040-NR EZ is a short form and is usually sufficient to be used by NRAs to file their income tax statement. Importantly, if an NRA does not owe taxes because of a tax treaty, a tax form must still be filed with the IRS. The IRS requires that an NRA filing a tax return must have a social security number or an individual taxpayer identification number. If, however, the individual does not have one, the tax return must still be filed along with an application for an ITIN (Form W-7.) One Note: Resident Aliens, those who have been in the U.S. long enough to be taxed the same as U.S. citizens, complete the standard Form 1040, like a U.S. citizen. Failure to comply with IRS regulations can produce serious consequences, including denial of future U.S. visas. The due date for filing with the IRS is April 15th. The tax forms may be found at the IRS website – www.irs.gov.

Virginia Tax Forms:
An NRA who received employment income (W-2) in 2008, must also file a tax return with the Commonwealth of Virginia. There are three

INTERNATIONAL TAXATION

Continued

different forms to pick from, depending on residency in the state in 2008. Form 760 is for residents of Virginia. A person is considered a resident if they have been living in Virginia for more than 183 days in a calendar year. Form 763 is for nonresidents of Virginia. A person is considered a nonresident if they have lived in Virginia for less than 183 days in a calendar year. Form 760PY is for part-year residents of Virginia. A person is considered a part-year resident of Virginia if they lived in Virginia for less than 183 days AND did not return once they left. (For example: An NRA student who graduated from UR in May, left the country and did not return in the fall.) The due date for filing with the Commonwealth of Virginia is May 1st. The tax forms may be found at http://www.tax.virginia.gov/.

Form 8843:

Any non-U.S. citizen present at UR in 2008, who was temporarily in the U.S. in "F", "M", "J" or "Q" visa status, and is considered an NRA, must complete a Form 8843. **Even if the NRA is not required to file a US tax return, this form must be completed.** If the NRA is filing a federal tax form, the Form 8843 should be attached to the tax form. If the NRA is not filing a federal tax form, the Form 8843 should be mailed to the address listed in the directions to the form.

Hints on Filing Tax Forms:

1. Always make a copy of your completed form before mailing it to the IRS
2. Always write your social security number or ITIN number on anything you send to the IRS
3. Sign and date your tax forms
4. Staple all attachments to your tax form, including your W-2, 1042-S or 8843, so that nothing is separated from your tax return.
5. If you receive any inquiries from the IRS after filing your tax return, be sure to respond to the IRS by the stated deadline. If you can not meet the deadline, be sure to send a letter to the IRS stating what is delaying your response. This will prevent extra penalty actions from being taken for not responding at all.
6. Maintain tax records for at least three years from the due date of the return or the date the return was filed, whichever is later. If the Internal Revenue Service requires you to keep your federal records for a longer period, keep your state records for the same period of time.

STUDENT ACCOUNTS

Tuition Remission

Don't forget that you must submit a tuition remission form for all credit or non-credit courses that you plan to take, if you qualify for this benefit through Human Resources. A tuition remission form must be completed and returned to the Department of Human Resources for each course taken. **You will receive a tuition bill until the tuition remission form has been processed.**

Coming Soon

Sometime this spring the Cashier's office will be offering a Cash Handling Seminar along with Mary Barnett (the Internal Auditor) and the UR Police Department.

Basic Cash Handling Procedures

- Cash should be locked up and ***out of sight and out of reach***. This includes counting a drawer at the beginning or end of a shift, and any other time cash is being counted.
- Cash should be locked in a file cabinet or a safe – ***with the key and/or combination not shared or in plain sight!*** Keys and combinations should be changed when employees with access leave the University's employ, and whenever there is any concern about access.
- ***Only paid University employees*** should be handling cash.
- ***Deposit all funds received.*** Do not hold checks waiting to make one deposit. Most checks are only good for a certain amount of time and holding them reduces the chances of collecting the funds. Don't use collected funds for reimbursing expenses.
- ***Make deposits no less often than weekly*** and whenever the amount exceeds $500. Remember that ***mailing deposits is risky to you***; delivering them to the Cashier's office and walking away with a receipt shifts the responsibility to us.
- If you ever experience a robbery, do not make any attempt to chase or apprehend the suspect! Note any details you can, call University Police and follow their instructions.