



# Business Services Manual

**Mill Valley School District**  
*Business Services Manual*  
**INDEX**

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<b><i>P-001</i></b>	<b><i>About the Manual</i></b>
<i>Date Revised:</i> <b><i>07/29/15</i></b>	

**I. THE MANUAL**

- A. One of the primary goals of the business services department is to provide service to the employees and departments of the Mill Valley School District.
- B. This manual was created to ensure that employees have access to the information they need to process district business transactions easily, efficiently, and legally.
- C. The business services department encourages comments or suggestions about the manual. Please submit your comments or suggestions for changes or additions to the manual to [mrollins@mvschools.org](mailto:mrollins@mvschools.org) or [smurphy@mvschools.org](mailto:smurphy@mvschools.org) .

**II. UPDATES TO THE MANUAL**

- A. This manual is written in a procedures format to allow the business services staff to easily update the manual.
- B. Each procedure in the manual has a heading on the top of the first page that shows the procedure number, the name of the procedure, and the date the procedure was last updated.
- C. When the business services staff update a procedure, they will provide an update of the procedure to everyone who has a copy of the manual.
- D. The business services staff will update the Index and send the updated Index out with all new procedures annually or as needed.

***P-002***

*Date Revised:*  
***01/09/20***

## ***Who to Call?***

The following is the list of the business services staff to call if you have questions or need additional information:

<b>Name and Title</b>	<b>Phone Number</b>	<b>Areas of Responsibility</b>
Michele Rollins Assistant Superintendent, Business Services	389-7799	Overall responsibility for business operations.
Michelle Pommier Human Resources Specialist	389-7744	Position Control Seniority Lists Work Calendars & Salary Schedules
Clemencia Vargas Payroll Specialist	389-7703	Payroll Health Benefits Workers Compensation Claims
Dietrich Carver Account Technician	389-7702	Accounts Payable Accounts Receivable Cash Deposits Purchasing / Purchase Orders
Monica Wallace Executive Secretary	389-7751	Lunch Program Parcel Tax
Sue Murphy Staff Accountant	389-7796	Attendance Budget & Financial Activity Reports PTA & PTSA support Invoicing

<b><i>P-003</i></b>	<b><i>The Account Codes</i></b>
<i>Date Revised:</i> <b><i>02/20/20</i></b>	

**I. BACKGROUND**

- A. All California school districts and county offices of education must use a standardized coding system called SACS (standardized account code structure).
- B. The SACS codes are entered on purchase orders, personnel action forms (PAFs), reimbursement forms, and all budget forms.
- C. The SACS codes are used to ensure that each expenditure is charged to the correct program.

**II. DETAILED SACS INFORMATION**

**A. Section 1**

Commonly used account codes in the Mill Valley School District.

**B. Section 2**

This section provides a detailed explanation of the major object codes used in SACS.

## Procedure 301 Overview of the Standardized Account Code Structure

### Use of the Standardized Account Code Structure

The following highlights the required use of each field for revenue, expenditure, and balance sheet accounts:

#### Revenue Accounts

<b>Fund XX</b>	<b>Resource XXXX</b>	<b>Project Year X</b>	<b>Goal XXXX</b>	<b>Function XXXX</b>	<b>Object XXXX</b>	<b>School XXX</b>
Required	Required	Required when more than one project year occurs in the fiscal year	Not required except for Special Education Revenues	Not required	Required	Not required

#### Expenditure Accounts

<b>Fund XX</b>	<b>Resource XXXX</b>	<b>Project Year X</b>	<b>Goal XXXX</b>	<b>Function XXXX</b>	<b>Object XXXX</b>	<b>School XXX</b>
Required	Required	Required when more than one project year occurs in the fiscal year	Required	Required	Required	Not Required

#### Balance Sheet Accounts

<b>Fund XX</b>	<b>Resource XXXX</b>	<b>Project Year X</b>	<b>Goal XXXX</b>	<b>Function XXXX</b>	<b>Object XXXX</b>	<b>School XXX</b>
Required	Required	Not Required	Not Required	Not Required	Required	Not Required

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**Procedure 330    Object Classification**

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<b>Code</b>	<b>Title</b>
7614	From Bond Interest and Redemption Fund to General Fund
7615	From General, Special Reserve, and Building Funds to Deferred Maintenance Fund (Valid through 2012–13)
7616	From General Fund to Cafeteria Fund
7619	Other Authorized Interfund Transfers Out
7630–7699	All Other Financing Uses
7651	Transfers of Funds from Lapsed/Reorganized LEAs
7699	All Other Financing Uses
<b>8000–8999</b>	<b>REVENUES AND OTHER FINANCING SOURCES</b>
<b>8000–8799</b>	<b>Revenues</b>
8010–8099	LCFF Sources
8010–8019	Principal Apportionment
8011	LCFF State Aid—Current Year
8012	Education Protection Account State Aid—Current Year
8015	Charter Schools General Purpose Entitlement—State Aid (Valid through 2012–13)
8019	LCFF/Revenue Limit State Aid—Prior Years
8020–8039	Tax Relief Subventions
8021	Homeowners’ Exemptions
8022	Timber Yield Tax
8029	Other Subventions/In-Lieu Taxes
8040–8079	County and District Taxes
8041	Secured Roll Taxes
8042	Unsecured Roll Taxes
8043	Prior Years’ Taxes
8044	Supplemental Taxes
8045	Education Revenue Augmentation Fund (ERAF)
8046	Supplemental Educational Revenue Augmentation Fund (SERAF) (Valid 2009–10 and 2010–11 only)
8047	Community Redevelopment Funds
8048	Penalties and Interest from Delinquent Taxes
8070	Receipts from County Board of Supervisors
8080–8089	Miscellaneous Funds
8081	Royalties and Bonuses

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## Procedure 330 Object Classification

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<b>Code</b>	<b>Title</b>
8082	Other In-Lieu Taxes
8089	Less: Non-LCFF (50 Percent) Adjustment
8090–8099	LCFF Transfers
8091	LCFF Transfers—Current Year
8092	PERS Reduction Transfer (Valid through 2012–13)
8096	Transfers to Charter Schools in Lieu of Property Taxes (Effective 2007–08)
8097	Property Taxes Transfers
8099	LCFF/Revenue Limit Transfers—Prior Years
8100–8299	Federal Revenue
8110	Maintenance and Operations (Public Law 81-874)
8181	Special Education—Entitlement
8182	Special Education—Discretionary Grants
8220	Child Nutrition Programs
8221	Donated Food Commodities
8260	Forest Reserve Funds
8270	Flood Control Funds
8280	U.S. Wildlife Reserve Funds
8281	FEMA
8285	Interagency Contracts Between LEAs
8287	Pass-Through Revenues from Federal Sources
8290	All Other Federal Revenue
8300–8599	Other State Revenue
8311	Other State Apportionments—Current Year
8319	Other State Apportionments—Prior Years
8425	Year-Round School Incentive (Valid through 2012–13)
8434	Class Size Reduction, Grades K–3 (Valid through 2013–14)
8435	Class Size Reduction, Grade Nine (Valid through 2008–09)
8480	Charter Schools Categorical Block Grant (Valid through 2008–09)
8520	Child Nutrition
8530	Child Development Apportionments
8540	Deferred Maintenance Allowance (Valid through 2008–09)
8545	School Facilities Apportionments
8550	Mandated Cost Reimbursements
8560	State Lottery Revenue
8571–8579	Tax Relief Subventions
8571	Voted Indebtedness Levies, Homeowners’ Exemptions
8572	Voted Indebtedness Levies, Other Subventions/In-Lieu Taxes



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**Procedure 330    Object Classification**

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<b>Code</b>	<b>Title</b>
8575	Other Restricted Levies, Homeowners' Exemptions
8576	Other Restricted Levies, Other Subventions/In-Lieu Taxes
8587	Pass-Through Revenues from State Sources
8590	All Other State Revenue
8600–8799	Other Local Revenue
8610–8629	County and District Taxes
8611	Voted Indebtedness Levies, Secured Roll
8612	Voted Indebtedness Levies, Unsecured Roll
8613	Voted Indebtedness Levies, Prior Years' Taxes
8614	Voted Indebtedness Levies, Supplemental Taxes
8615	Other Restricted Levies, Secured Roll
8616	Other Restricted Levies, Unsecured Roll
8617	Other Restricted Levies, Prior Years' Taxes
8618	Other Restricted Levies, Supplemental Taxes
8621	Parcel Taxes
8622	Other Non-Ad Valorem Taxes
8625	Community Redevelopment Funds Not Subject to LCFF Deduction
8629	Penalties and Interest from Delinquent Non-LCFF Taxes
8631–8639	Sales
8631	Sale of Equipment and Supplies
8632	Sale of Publications
8634	Food Service Sales
8639	All Other Sales
8650	Leases and Rentals
8660	Interest
8662	Net Increase (Decrease) in the Fair Value of Investments
8670–8689	Fees and Contracts
8671	Adult Education Fees
8672	Nonresident Student Fees
8673	Child Development Parent Fees
8674	In-District Premiums/Contributions
8675	Transportation Fees from Individuals
8677	Interagency Services Between LEAs
8681	Mitigation/Developer Fees
8689	All Other Fees and Contracts
8690–8719	Other Local Revenue

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**Procedure 330    Object Classification**

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<b>Code</b>	<b>Title</b>
8691	Plus: Miscellaneous Funds Non-LCFF (50 Percent) Adjustment
8697	Pass-Through Revenue from Local Sources
8699	All Other Local Revenue
8710	Tuition
8780–8799	Interagency Transfers In
8780	Transfers from Sponsoring LEAs to Charter Schools in Lieu of Property Taxes (Valid through 2006–07)
8781	All Other Transfers from Districts or Charter Schools
8782	All Other Transfers from County Offices
8783	All Other Transfers from JPAs
8791	Transfers of Apportionments from Districts or Charter Schools
8792	Transfers of Apportionments from County Offices
8793	Transfers of Apportionments from JPAs
8799	Other Transfers In from All Others
<b>8900–8999</b>	<b>Other Financing Sources</b>
8900–8929	Interfund Transfers In
8911	To Child Development Fund from General Fund
8912	Between General Fund and Special Reserve Fund
8913	To State School Building Fund/County School Facilities Fund from All Other Funds
8914	To General Fund from Bond Interest and Redemption Fund
8915	To Deferred Maintenance Fund from General, Special Reserve, and Building Funds (Valid through 2012–13)
8916	To Cafeteria Fund from General Fund
8919	Other Authorized Interfund Transfers In
8930–8979	All Other Financing Sources
8931	Emergency Apportionments
8951	Proceeds from Sale of Bonds
8953	Proceeds from Disposal of Capital Assets
8961	County School Building Aid
8965	Transfers from Funds of Lapsed/Reorganized LEAs
8971	Proceeds from Certificates of Participation
8972	Proceeds from Capital Leases
8973	Proceeds from Lease Revenue Bonds
8979	All Other Financing Sources
8980–8999	Contributions

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**Procedure 330    Object Classification**

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<b>Code</b>	<b>Title</b>
8980	Contributions from Unrestricted Revenues
8990	Contributions from Restricted Revenues
8995	Categorical Education Block Grant Transfers (Valid through 2008–09)
8997	Transfers of Restricted Balances (Valid for 2003–04, 2008–09, and 2009–10 only)
8998	Categorical Flexibility Transfers (Valid through 2008–09)
<b>9000–9999</b>	<b>BALANCE SHEET</b>
<b>9100–9489</b>	<b>Assets</b>
9110	Cash in County Treasury
9111	Fair Value Adjustment to Cash in County Treasury
9120	Cash in Bank(s)
9130	Revolving Cash Account
9135	Cash with a Fiscal Agent/Trustee
9140	Cash Collections Awaiting Deposit
9150	Investments
9200	Accounts Receivable
9290	Due from Grantor Governments
9310	Due from Other Funds
9320	Stores
9330	Prepaid Expenditures (Expenses)
9340	Other Current Assets
9400–9489	Capital Assets (Not used in governmental funds)
9410	Land
9420	Land Improvements
9425	Accumulated Depreciation—Land Improvements
9430	Buildings
9435	Accumulated Depreciation—Buildings
9440	Equipment
9445	Accumulated Depreciation—Equipment
9450	Work in Progress
<b>9490–9499</b>	<b>Deferred Outflows of Resources</b>
9490	Deferred Outflows of Resources
<b>9500–9689</b>	<b>Liabilities</b>
9500	Accounts Payable (Current Liabilities)

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**Procedure 330    Object Classification**

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<b>Code</b>	<b>Title</b>
9501–9589	Accounts Payable—Locally Defined (When reporting to CDE, LEAs must roll up these objects to Object 9500.)
9590	Due to Grantor Governments
9610	Due to Other Funds
9620	Due to Student Groups/Other Agencies
9640	Current Loans
9650	Unearned Revenue
9660–9669	Long-Term Liabilities (Not used in governmental funds)
9661	General Obligation Bonds Payable
9662	State School Building Loans Payable
9663	Net Pension Liability
9664	Total/Net OPEB Liability
9665	Compensated Absences Payable
9666	Certificates of Participation (COPs) Payable
9667	Capital Leases Payable
9668	Lease Revenue Bonds Payable
9669	Other General Long-Term Debt
<b>9690–9699</b>	<b>Deferred Inflows of Resources</b>
9690	Deferred Inflows of Resources
<b>9700–9799</b>	<b>Fund Balance/Net Position</b> <b>(The following codes and titles for 9700–9790 were valid through 2010–11.)</b>
9700–9759	Fund Balance, Reserved (Valid through 2010–11)
9710–9720	Reserve for Nonexpendable Assets (Valid through 2010–11)
9711	Reserve for Revolving Cash (Valid through 2010–11)
9712	Reserve for Stores (Valid through 2010–11)
9713	Reserve for Prepaid Expenditures (Expenses) (Valid through 2010–11)
9719	Reserve for All Others (Valid through 2010–11)
9720	Reserve for Encumbrances (Budgetary account) (This account is not reported to CDE.)
9730	General Reserve (Valid through 2010–11)
9740	Legally Restricted Balance (Valid through 2010–11)
9760–9799	Fund Balance, Unreserved (Valid through 2010–11)
9770	Designated for Economic Uncertainties (Valid through 2010–11)

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**Procedure 330    Object Classification**

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<b>Code</b>	<b>Title</b>
9775	Designated for the Unrealized Gains of Investments and Cash in County Treasury
9780	Other Designations (Valid through 2010–11)
9790	Undesignated/Unappropriated (Valid through 2010–11)
<b>(The following codes and titles for 9700–9790 are valid effective 2011–12.)</b>	
9710–9719	Fund Balance, Nonspendable
9711	Nonspendable Revolving Cash
9712	Nonspendable Stores
9713	Nonspendable Prepaid Items
9719	All Other Nonspendable Assets
9720	Reserve for Encumbrances (Budgetary account) (This account is not reported to CDE.)
9730–9749	Fund Balance, Restricted
9740	Restricted Balance
9750–9769	Fund Balance, Committed
9750	Stabilization Arrangements
9760	Other Commitments
9770–9788	Fund Balance, Assigned
9780	Other Assignments
9789–9790	Fund Balance, Unassigned
9789	Reserve for Economic Uncertainties
9790	Unassigned/Unappropriated/Unrestricted Net Position
9791	Beginning Fund Balance
9793	Audit Adjustments
9795	Other Restatements
9796	Net Investment in Capital Assets
9797	Restricted Net Position
9800–9839	Budgetary Accounts (These accounts are not reported to CDE.)
9810	Estimated Revenue
9815	Estimated Other Financing Sources
9820	Appropriations
9825	Estimated Other Financing Uses
9830	Encumbrances

## Procedure 330 Object Classification

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<b>Code</b>	<b>Title</b>
9840–9899	Control Accounts (These accounts are not reported to CDE.)
9840	Revenue
9845	Other Financing Sources
9850	Expenditures
9855	Other Financing Uses
9910–9979	Nonoperating Accounts (These accounts are not reported to CDE.)
9910	Suspense Clearing

**P-004**

Date Revised:  
**07/29/15**

# *The Purchasing Calendar*

## **I. BACKGROUND**

- A.** The dates noted on the purchasing calendar are the final dates that the business services department will accept purchase order.
- B.** Employees should submit purchase orders early in the year to ensure that:
  - 1. Students and staff receive materials and supplies early in the year so that they can be used for the entire year.

## **II. PURCHASING CALENDAR**

<b>May 1</b>	<p>Deadline for the submission of purchase requisitions.</p> <p><b>Important Notes:</b></p> <ul style="list-style-type: none"><li>1) To meet this deadline, all employees must submit purchase requisitions to the District Office no later than May 1.</li><li>2) Employees must be aware of the following:  <i>This purchase order is automatically cancelled if the goods or services are not received by June 30.</i></li><li>3) If you anticipate delivery after your school site is closed and there is no on-site secretary, please direct the delivery to:  Mill Valley School District Office  411 Sycamore Avenue  Mill Valley, California 94941</li></ul>
<b>June 15</b>	<p>The business services department will accept Employee Reimbursement Forms for prior authorized employee purchases totaling \$200.00 or less, through June 15<sup>th</sup>.</p>
<b>June 30</b>	<p>All purchase orders for goods or services not received by June 30 are cancelled.</p>

<b><i>P-005</i></b>	<b><i>Purchasing Supplies and Services</i></b>
Date Revised: <b><i>07/29/15</i></b>	

**I. BACKGROUND**

**A. Purchasing goods and services:**

1. The process for purchasing goods and services begins when a purchase order is prepared.
2. Once the purchase requisition is prepared, it is forwarded to the site administrator for approval/coding and then forwarded to the business services department.
3. The business services department determines that the appropriate staff has approved the purchase requisition and that the account code is correct.
4. The business services department assigns a number to the purchase order.
5. A district administrator/CBO signs the purchase order.
6. The business staff sends copies of the purchase order to the originating site/department.
7. Once the purchase order is signed, the business services staff send the purchase order to the company (the vendor) from whom the district will order the goods or services.

**B. Paying for goods and services:**

1. The business services department is responsible to ensure that once the goods or services are received, the district pays for them in a timely manner.
2. To pay for goods or services, the business department matches the purchase order, the invoice from the vendor, and the receiving report.
  - a. Business services staff are not authorized to pay any vendor unless all the documents are reconciled and available in the business department.
  - b. The business services staff is only authorized to pay bills from original invoices or receipts.



**P-006**

Date Revised:  
**07/29/15**

## ***Preparing Purchase Requisitions***

### **I. WHAT IS A PURCHASE ORDER?**

- A.** By law, governments/public agencies may not exceed their adopted budget (including the authorized budget revisions).
- B.** The use of purchase requisitions help governments/public agencies ensure that they do not spend more than they have authorized in their budget.
- C.** A purchase requisition is the form used by the Mill Valley School District (MVSD) staff that want to order goods or services.
- D.** Purchase requisitions are required for the purchase of all goods or services, including:
  - 1. Materials and supplies (unless utilizing an Employee Reimbursement form for purchases less than \$200)
  - 2. All contracts.
- E.** Purchase requisitions are *not* required for:
  - 1. Mileage & Expense claims
  - 2. Employee Reimbursement Forms. (purchases of materials and supplies under \$200)
  - 3. Conference/Workshop Reimbursement Form
- F.** All staff must submit a purchase requisition to the business services department prior to the purchase of any goods or services.
  - 1. Goods or services that are ordered without an approved purchase requisition are considered unauthorized purchases.
- G. Emergencies**
  - 1. There are instances when emergencies occur. Accordingly, the business services department has established a procedure for these situations.
  - 2. Refer to procedure P-008 of this manual for the procedure for emergency purchase requisitions.
- H. Purchases Under \$200**
  - 1. The business services staff has established a procedure for personal reimbursements under \$200.
  - 2. P-009 – Employee Reimbursement Process

## II. HOW TO PREPARE A PURCHASE REQUISITION

A. The originator should prepare the purchase requisition.

1. Each site/department is responsible for accurate completion of purchase requisitions.
2. If you need to have staff trained on how to prepare purchase requisitions, please contact the business services department for assistance.

B. For the following types of purchases, attach the following additional information:

<i>Type of Transaction</i>	<i>Attachment</i>
Contracts	<ul style="list-style-type: none"><li>• One copy of the contract.</li></ul>
Independent Contractor	<ul style="list-style-type: none"><li>• Completed Independent Contractor Agreement</li></ul>
On-Line Purchase	<ul style="list-style-type: none"><li>• Print out of on-line purchase documentation</li></ul>
Workshops	<ul style="list-style-type: none"><li>• Workshop registration form.</li></ul>

C. **Required Signatures**

1. Originator of the purchase requisition.
2. Site Administrator.

D. **Purchase Requisition Follow-Up**

If you do not receive the copies of your purchase order within 10 days from the time it is submitted to the businesses services department, please contact Accounts Payable at 389-7702.

## III. INVOICES FOR PAYMENT

A. In most instances, the vendor sends the invoice to the business department.

B. If you receive an invoice, please forward it immediately to Accounts Payable in the business department.

C. For some types of items, a receiving report is not required. For example:

1. Services (legal, audit)
2. Repairs

D. When a receiving report is not necessary, the business staff will require a signature on the invoice.

1. Authorized staff will sign the invoice and include the words “ok to pay”.
2. The invoice should be returned to the business department within two days.

***P-007***

*Date Revised:*  
***07/29/15***

# ***Open Purchase Orders***

## **I. WHAT IS AN OPEN PURCHASE ORDER?**

- A.** An open purchase order is a purchase order that is used to purchase goods or services for a total maximum dollar amount.
- B.** Open purchase orders are used when the quantity of the goods is not known, recurring monthly charges, or for small purchases with the same vendor.
- C.** Open purchase orders are used for:
  - 1. Maintenance agreements (contracts)

Open purchase orders are used for maintenance agreements in which you are billed a monthly rate based on the use of the machine. For example, you are billed for the number of copies printed each month in addition to the monthly service charge.

- 2. Supplies

Some businesses will accept a purchase order number (instead of cash) when the goods are purchased.

At the end of each month, the business will invoice the district for the goods purchased to date.

For example: Office Depot accepts purchase order numbers for purchases.

## **II. HOW TO PREPARE THE OPEN PURCHASE ORDER:**

- A.** If you are going to use an open purchase order to cover the annual charges for items such as maintenance agreements:
  - 1. Prepare the purchase requisition for the estimated charges for the entire year.
  - 2. Prepare the purchase requisition for the maximum amount that you will need for the entire year. This will ensure that sufficient funds are encumbered in your budget.
  - 3. If the purchase requisition is for a maintenance agreement, include the serial number and the location of the machine.

- B.** If the open purchase order is to allow one or more people to go to a store and purchase items throughout the year:
1. Coordinate with the store (vendor) to ensure that they will accept a purchase order number for the purchases. The vendor is responsible to invoice the district each month.
  2. Specify the dates the purchase order is in effect.
  3. In most instances, the business services department will not accept purchase orders that extend beyond May 15 because the district staff must close the books as of June 30.
  4. In the description section of the purchase order, list all individuals (maximum of four) who are authorized to use the open purchase order number to purchase goods.
  5. The district will monitor the charges on open purchase orders to ensure that they do not exceed the authorized amount.

### **III. MAKING PURCHASES USING AN OPEN PURCHASE ORDER**

- A.** Only the person(s) listed on the purchase order may use the purchase order number to purchase or pick up goods.
- B.** When goods are purchased using the open purchase order number, the person making the purchase must obtain a receipt.
- C.** The receipt is the proof of purchase. The person who made the purchase must sign the receipt and send it to the business services department. The staff should write the purchase order number on the receipt.
- D.** The business services staff are not authorized to pay the vendor until all of the original receipts are in the business office.

***P-008***

*Date Revised:*

***07/29/15***

# ***Emergency Purchases***

## **I. WHAT IS AN EMERGENCY?**

- A.** According to the Education Code, an emergency is a situation in which classes cannot be held, it is a matter of personnel safety, or to protect district property.
- B.** Emergencies are not situations that result from a failure to plan for a purchase in sufficient time to process the purchase order in the normal manner. Emergency purchase orders are not used for convenience or to bypass the normal purchase order process.

## **II. IF YOU HAVE AN EMERGENCY**

- A.** Contact the vendor that you need to correct the emergency situation.
- B.** At the completion of the work or at the time of purchase, the vendor will give you an invoice.
- C.** Sign the vendor invoice “ok to pay” and have the site administrator initial that the invoice is okay to pay. Send the invoice to the district office. Once something is received or the service is performed you do not need to enter the item onto a requisition it will be paid directly from the invoice.

**P-009**

Date Revised:  
**07/29/15**

## ***Employee Reimbursement Process***

### **I. THE EMPLOYEE REIMBURSEMENT PROCESS**

- A. The *Employee Reimbursement* form was designed as an easy method for Mill Valley School District (MVSD) employees to receive reimbursement for specific types of expenses.
- B. The *Employee Reimbursement* form allows employees to purchase items with a total dollar value of up to \$200 and receive reimbursement.
- C. This form makes it easy for the staff to purchase classroom supplies at several locations and receive reimbursement within 10 working days.
- D. Because this process does not involve a purchase order and an encumbrance, sites will need to monitor their budgets before approving the form.

### **II. HOW TO USE THE PROCESS**

- A. A sample of the *Employee Reimbursement* form is on the following page.
- B. Employees who want to purchase items using this process must first obtain verbal authorization from their site administrator.
- C. Once authorization has been obtained, the employee may make the authorized purchases.
  - 1. Authorized purchases are limited to \$200.00.
  - 2. Any purchase over \$200.00 requires an administrator's pre-approval and must be initialed on the top left side of the reimbursement form.
  - 3. The employee may make the purchases from any store
  - 3. On-line purchases may be made using a personal credit card. A copy of the order must accompany the *Employee Reimbursement* form.
  - 4. The employee must obtain an original receipt. On-line purchase receipts must list the employee's name, method of payment, the last four digits of their credit card number if a credit card was used, and a district/school site "Ship to" address. Do not have on-line purchases shipped to your home address.
- D. Once all of the purchases have been made, the employee attaches the original receipts to the *Employee Reimbursement* form. Only original receipts are acceptable.
- E. The form and receipts are submitted to the site administrator for approval and signature.
  - 1. The site administrator is responsible to ensure that the purchases are appropriate and that the budget code on the form is correct.

- F.** The employee submits the form and receipts to the business services department for payment.
- G.** The business services department will issue a check within 10 working days.

**Request for Reimbursement**  
**\$200 LIMIT** (Unless referencing Purchase Order)

**Mill Valley School District**  
 411 Sycamore Ave  
 Mill Valley, CA 94941  
 389-7700 Fax 389-7773

Name \_\_\_\_\_  
*Please Print*  
 Address: \_\_\_\_\_  
 City/State/Zip: \_\_\_\_\_  
 School: \_\_\_\_\_

Prior to Purchase – Verbal Auth Req'd: \_\_\_\_\_  
 Admin Initial

Date	Cost	Expenses: SUPPLIES, BOOKS, ETC *
	\$	
<b>Total Expenses</b>	\$ 0.00	

**\*ORIGINAL Receipt must be attached**  
**PHOTO COPIES WILL NOT BE ACCEPTED**

Employee Signature: \_\_\_\_\_ Date: \_\_\_\_\_  
 Approved by: \_\_\_\_\_ Date: \_\_\_\_\_  
 Principal / Administrator /Reference Purchase Order #

	<i>Vendor #</i>	_____
Account Code: _____		\$ _____
Account Code: _____		\$ _____
Account Code: _____		\$ _____
District Office Approval _____		Date: _____



<b><i>P-010</i></b>	<b><i>Conference / Workshop Reimbursement Process</i></b>
<i>Date Revised:</i> <b><i>01/29/2019</i></b>	

**I. CONFERENCE / WORKSHOP APPROVAL:**

- A. The employee will complete the top portion of the Conference/Workshop Reimbursement form, stating the name, location, and date of the conference and submit to their site administrator.
- B. Upon approval, the form will be returned to the employee and retained until following the conference attendance. All out of state travel requires Board approval in advance of the conference date.
- C. The employee may be responsible for conference registration and transportation costs.

**II. CONFERENCE / WORKSHOP REIMBURSEMENT PROCESS**

- A. Upon completion of conference attendance, the employee will fill out the remainder of the form. ORIGINAL ITEMIZED RECEIPTS, for lodging, registration, meals, transportation and miscellaneous expenses must be attached to the form. A copy of the registration form (or agenda) indicating who attended; place, dates and name of conference must also accompany the form. The administrator will authorize expenses and sign the claim form authorizing reimbursement. This form should be turned in within 10 working days following return from travel whenever possible.
- B. It is district policy to pay only ACTUAL expenses. All employees should claim only actual expenditures.
  - 1. MEALS: Expense reimbursement must be supported by original receipts. Alcoholic/Adult beverages will not be reimbursed by the district. These should be paid for with a separate check (not included on any receipt that you submit for reimbursement). The district board policy caps meal reimbursements at \$51 per day unless meals are included in conference costs. If meals are included in the cost of the conference employees should not submit for reimbursement. For example, if lunch is provided the employee should not submit receipts for lunch. Whenever possible please pay for meals on separate tickets. When receipts are for multiple guests it creates excessive accounting and creates delays in reimbursement.(suggested breakfast \$11; lunch \$12; dinner \$23 & incidentals \$5)
  - 2. LODGING: Expense reimbursement for lodging must be verified by an original itemized room receipt. If the receipt indicates “paid” and a \$.00 balance, a copy of the employee’s cancelled check or credit/debit card receipt is required.

3. **TRANSPORTATION:** Actual cost for all forms of transportation must be supported by appropriate documentation. Private vehicles may be used and reimbursement for mileage will be paid at the IRS rate per mile. Car rental may be reimbursed with documentation. The District will reimburse travel costs to and from airports up to \$100.00 in total (please use less expensive options when possible).
  
4. **MISC. EXPENSES:** Taxi fares, bridge tolls, and parking fees may be reimbursed supported by original receipts. Business telephone calls and faxes may be reimbursed supported by appropriate documentation. Limit luggage to what can be carried on the plane. Staff members are responsible for the cost of checked baggage.

# Request for Conference/Workshop Reimbursement

**Mill Valley School District**

411 Sycamore Ave  
 Mill Valley, CA 94941  
 389-7700 Fax 389-7773

Name \_\_\_\_\_ Please Print  
 Address: \_\_\_\_\_  
 City/State/Zip \_\_\_\_\_

Name of Conference/Workshop \_\_\_\_\_ Location of Conference/Workshop \_\_\_\_\_

Date	Auto Mileage or Air Fare*	Meals*	Lodging*	Registration	Miscellaneous Expenses	Total Daily Expenses
	\$	\$	\$	\$	\$	\$

**\*ORIGINAL Receipt must be attached  
 PHOTO COPIES WILL NOT BE ACCEPTED**

Totals: Miles \_\_\_\_\_ x \$. 575 = \$ \_\_\_\_\_

Expenses ..... = \$ \_\_\_\_\_

Employee Signature: \_\_\_\_\_ Date: \_\_\_\_\_  
 \_\_\_\_\_ Date: \_\_\_\_\_  
 Principal/Supervisor

Approved by: \_\_\_\_\_ Date: \_\_\_\_\_

*For Business Office Use Only*

Account Code: \_\_\_\_\_ Account Code: \_\_\_\_\_ Total Reimbursement..... = \$ \_\_\_\_\_

Account Code: \_\_\_\_\_ Account Code: \_\_\_\_\_

Account Code: \_\_\_\_\_ Account Code: \_\_\_\_\_

District Office Approval \_\_\_\_\_ Date: \_\_\_\_\_

<b><i>P-011</i></b>	<b><i>Mileage &amp; Expense Claim</i></b>
Date Revised: <b><i>07/29/15</i></b>	

**I. GUIDELINES**

- A. Use this form to claim reimbursement for all non-prior approval travel transactions and any out-of-pocket expenses to be paid by the district. (Prior approval travel transactions include conference/workshop travel and are not claimed on this form.)
- B. Reimbursement for mileage will include travel when directly job related or when representing the District in an official capacity.
- C. Other out-of-pocket expenses, purchased on behalf of the district, may be claimed and submitted for reimbursement on this form. Original receipts are required.

**II. INSTRUCTIONS**

- A. Mileage: List the date, miles traveled and purpose of the travel.
- B. Other out-of-pocket Expenses: List the date, amount, item purchased and purpose. Attach original receipts.
- C. When completed, submit the form to your supervisor/administrator for approval.
- D. Forward form to district business services department for payment.

## MILEAGE & EXPENSE CLAIM

### MILL VALLEY SCHOOL DISTRICT

Name: \_\_\_\_\_ For the Month of: \_\_\_\_\_  
 Mail Check to: \_\_\_\_\_ Site: \_\_\_\_\_  
**OR**  
 Address: \_\_\_\_\_ City: \_\_\_\_\_ Zip: \_\_\_\_\_

Date	Mileage	Other Amount	Explanation	Destination	- Purpose
			-		
			-		
			-		
			-		
			-		
			-		
			-		
			-		
			-		
			-		
			-		
			-		
			-		
			-		
			-		
Total Miles	=SUM(ABOVE)		-		
X \$\$ Rate	\$ 0.575		-		
<b>Totals</b>					

This is to certify that the above designated expenses represent actual and necessary expenses incurred while on official District business.

Signature \_\_\_\_\_ Date \_\_\_\_\_

For District Use Only:	Vendor #
Total \$ _____	Account Code: _____ Approved by: _____
	Account Code: _____
	Account Code: _____

<b><i>P-012</i></b>	<b><i>Receiving Goods</i></b>
<i>Date Revised:</i> <b>07/29/15</b>	

**I. BACKGROUND**

- A. When goods are received, the Mill Valley School District staff must determine that all of the goods that were ordered were actually received.
- B. The business services staff is required to match the purchase order, the invoice, and the packing list before they can make any payments to the vendors.
  - Delays in obtaining the packing lists from the staff result in delays in payments to vendors.

**II. PACKING LIST / RECEIPT OF GOODS**

- A. The packing list is used to document that all of the goods were received and that they were in good condition.
- B. Staff must check in all goods received within 3 working days of the receipt of the shipment.
- C. How to complete the receiving report:
  1. Review the condition of each item as the boxes are opened.
  2. Circle each item after the condition is checked and the quantity is verified.
  3. Sign the packing list:
    - a. The person who opens the boxes and verifies the quantity of the goods must sign the packing list - “All items received, ok to pay”.
    - b. Signature stamps are not allowed in place of an actual signature.
  4. If a packing slip was not enclosed in the box, use a copy of the Purchase Order in place of the packing slip.
- D. Once the goods are checked and the packing list is complete, send the completed packing list to the business services department within 3 working days.
  - The department is not authorized to pay the vendor until the packing list is received.

***P-013***

*Date Revised:*  
***01/09/20***

# ***Independent Contractors***

## **I. INDEPENDENT CONTRACTOR OR EMPLOYEE?**

### **A. Who/what is an independent contractor?**

1. An independent contractor is a person who, or a company or corporation that, is not an employee of the Mill Valley School District.
2. Independent contractors do not earn any rights, benefits, or protection that accrue to the employees of the district.
3. An independent contractor is hired to provide services to the district for a specific period of time or to provide a specific product (e.g., training).

### **B. IRS Regulations**

1. The IRS has regulations regarding the proper classification of a person as an employee or an independent contractor. These regulations are the result of concerns about the withholding of payroll taxes.
2. The IRS may perform audits of the persons classified as independent contractors to determine if the person is correctly classified.
3. If the IRS determines that people were paid as independent contractors who should have been classified and paid as employees of the district, they will bill the district for the employee's and employer's share of taxes. The IRS also has the ability to assess significant penalties.
4. Because of the seriousness of the IRS assessments, it is important for the district to ensure that only people who qualify as independent contractors are paid as independent contractors. The district must hire all other people as employees of the district.

## **II. HIRING INDEPENDENT CONTRACTORS**

- A.** No Mill Valley School District staff may authorize a person to begin work as an independent contractor until all of the appropriate forms are complete and approved by the district.
- B.** Mill Valley School District staff must submit the following forms to the business services department when hiring an independent contractor.
  - Purchase Requisition
  - Independent Contractor Agreement
  - Certificate of Insurance
  - W-9

### **C. Steps in hiring an independent contractor**

1. Obtain a copy of the Independent Contractor Agreement:
  - a. Fill out the agreement.
  - b. Have the independent contractor sign the agreement.
2. Obtain a completed W-9 from the independent contractor.
3. Submit all of the required forms to the business services department.

### **III. WHEN DOES THE INDEPENDENT CONTRACTOR BEGIN WORK?**

- A. Once the business services department reviews the independent contractor forms, they will send the originating site/department a copy of the Independent Contractor Agreement.
- B. The initiating administrator/site may not authorize anyone to begin work until they receive the copy signed by the Assistant Superintendent of Business.
- C. If all of the forms are complete, and there are sufficient funds in the budget, you will receive the approved copy in approximately 3 – 4 working days.

### **IV. HOW DOES THE INDEPENDENT CONTRACTOR GET PAID?**

Once the independent contractor has satisfactorily completed the work, they must prepare an invoice for their services.

The independent contractor should send the invoice to the site/administrator that requested their services.

The site/administrator must sign the invoice “ok to pay” and their name as evidence of the satisfactory completion of the work.

The invoice should be forwarded to the business services department for payment.





Administrative Office  
411 Sycamore Avenue  
Mill Valley, California 94941  
tel (415) 389-7700  
fax (415) 389-7773

**INDEPENDENT CONTRACTOR AGREEMENT**

This Agreement is entered into between:

Mill Valley School District (MVSD) and \_\_\_\_\_(CONTRACTOR).

MVSD is authorized by Government Code Section 53060 to contract for the furnishing of special services with persons specially trained, experienced and competent to perform such services. CONTRACTOR is specially trained, experienced and competent to provide such services. The parties agree as follows:

- 1. **Services:** CONTRACTOR agrees to provide the following services. (Provide full description of services, materials, products and/or reports; attach additional pages as necessary.)

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

- 2. **Terms:** CONTRACTOR shall commence work on \_\_\_\_\_, 20\_\_\_\_\_. The work shall be complete no later than \_\_\_\_\_, 20\_\_\_\_\_.
- 3. **Compensation:** MVSD shall pay CONTRACTOR a total fee of (\_\_\_\_\_) dollars, payable as follows.

\_\_\_\_\_.

This sum shall be for full performance of this Agreement and includes all fees, costs and expenses incurred by Contractor including but not limited to labor, materials, travel, subcontractor costs and other costs. Receipts for costs/expenses must accompany invoice(s).

- 4. **Equipment and Materials:** CONTRACTOR shall provide all equipment, materials and supplies necessary for the performance of the Agreement *except*: \_\_\_\_\_.
- 5. **Notices/Invoices:** All notices and invoices provided for under this Agreement shall be in writing and be either personally delivered during normal business hours or sent by US Mail to the address set for below:

**Mill Valley School District/Accounts Payable  
411 Sycamore Avenue  
Mill Valley, CA 94941**

CONTRACTOR shall submit invoices in a form that includes the name of the person providing the services, SSN or IRS number, the service performed, the date service was rendered and the hours spent on the work.

- 6. **Status of Contractor:** This is not an employment contract. CONTRACTOR is an independent contractor. CONTRACTOR is responsible for the payment of all federal, state and local payroll taxes and providing Unemployment Insurance and Workers' Compensation coverage for CONTRACTOR's employees.
- 7. **Insurance:**

- A. Unless specifically waived by MVSD, the following insurance is required:
  - 1. If CONTRACTOR employs any person to perform work in connection with this Agreement, CONTRACTOR shall procure and maintain at all times during the performance of such work, Workers' Compensation Insurance in conformance with the laws of the State of California and Federal laws when applicable. Employers' Liability Insurance shall not be less than One Million Dollars (\$1,000,000) per accident or disease.
  - 2. CONTRACTOR shall maintain general liability insurance, including automobile coverage with limits of One Million Dollars (\$1,000,000) per occurrence for bodily injury and property damage. The coverage shall be primary as to MVSD and shall name MVSD as an additional insured. Evidence of insurance is attached. Inclusion of MVSD as an additional insured shall not affect MVSD's rights to any claim, demand, suit or judgment made, brought or recovered against CONTRACTOR. The policy shall protect CONTRACTOR and MVSD in the same manner as though each were separately issued.

8. **Fingerprinting:** Education Code 45125.1 requires that employees of entities providing certain services to school districts must be fingerprinted by the California Department of Justice for a criminal records check, unless MVSD determines, in its sole discretion, that CONTRACTOR and/or its employees will have limited contact with pupils.
- A. **MVSD Determination of Fingerprinting Requirement Application:**  
 MVSD has considered the totality of the circumstances concerning the Project and has determined that CONTRACTOR and CONTRACTOR's employees are:  
**MVSD Administrator (or Designee) must initial one of the following:**  
 \_\_\_\_\_ CONTRACTOR is subject to the fingerprinting requirements of Education Code 45125.1 and/or 45125.2 and Paragraph B (below) is applicable.
- \_\_\_\_\_ CONTRACTOR is NOT subject to the fingerprinting requirements of Education Code 45125.1 or 45125.2 and Paragraph C (below) is applicable.
- B. If MVSD determines fingerprinting is required, CONTRACTOR expressly acknowledges that:
1. CONTRACTOR and all of its employees or sub-consultants (hereinafter collectively "employees") working on the school site must submit or have submitted fingerprints in a manner authorized by the Department of Justice, together with the requisite fee as set forth in Education Code Section 45125.1;
  2. CONTRACTOR shall not permit any employee to come in contact with students until the Department of Justice has ascertained that the employee has not been convicted of a serious or violent felony;
  3. CONTRACTOR shall certify in writing to MVSD that none of its employees who may come in contact with students have been convicted of a serious or violent felony; and
- C. If MVSD has determined that fingerprinting is not required, CONTRACTOR expressly acknowledges that the following conditions shall apply to any work performed by CONTRACTOR and/or its employees on a MVSD site;
1. CONTRACTOR and its employees shall check in with the main office on site each day immediately upon arrival;
  2. CONTRACTOR and its employees shall inform site staff of their proposed activities and location on the site;
  3. CONTRACTOR and/or its employees find themselves alone with a student; CONTRACTOR and its employees shall immediately contact the site office and request that a member of the MVSD staff be assigned to the work location.
9. **Licenses and Permits:** CONTRACTOR shall obtain and keep in force all licenses, permits and certificates necessary for the performance of this Agreement.
10. **Assignment:** The obligations of CONTRACTOR under this Agreement shall not be assigned by CONTRACTOR without the express prior written consent of MVSD.
11. **Non-Discrimination:** CONTRACTOR shall not engage in unlawful discrimination in the employment of persons because of race, nation origin, age, ancestry, religion, sex marital status, medical condition or physical handicap.
12. **Indemnification:** CONTRACTOR agrees to hold harmless, indemnify and defend MVSD and its officers, agents and employees from any and all claims or losses accruing or resulting from injury, damage or death of any person, firm or corporation in connection with the performance of this Agreement. CONTRACTOR also agrees to hold harmless, indemnify and defend MVSD and its officers, agents and employees from any and all claims or losses incurred by any supplier, contractor or subcontractor furnishing work, services or materials to CONTRACTOR in connection with the performance of this Agreement. This provision survives termination of this Agreement.
13. **Termination:** MVSD may at any time terminate this Agreement upon written notice to CONTRACTOR. MVSD shall compensate CONTRACTOR for services satisfactorily provided through the date of termination. In addition, MVSD may terminate this Agreement for cause should CONTRACTOR fail to perform any part of this Agreement.
14. **Completeness of Agreement:** This Agreement constitutes the entire understanding of the parties and any changes shall be agreed to in writing. There are no oral agreements regarding the subject of this Agreement not contained herein.
15. **Approval:** This Agreement is not effective and no payment shall be made to Contractor until it is approved. Approval requires signature by the Administrator (or his designee).

Contractor: \_\_\_\_\_  
Signature Date

Mill Valley School District Administrator: \_\_\_\_\_  
Signature Date

# Request for Taxpayer Identification Number and Certification

**Give Form to the  
requester. Do not  
send to the IRS.**

▶ Go to [www.irs.gov/FormW9](http://www.irs.gov/FormW9) for instructions and the latest information.

Print or type. See Specific Instructions on page 3.	1 Name (as shown on your income tax return). Name is required on this line; do not leave this line blank.		
	2 Business name/disregarded entity name, if different from above		
	3 Check appropriate box for federal tax classification of the person whose name is entered on line 1. Check only <b>one</b> of the following seven boxes.		4 Exemptions (codes apply only to certain entities, not individuals; see instructions on page 3):
	<input type="checkbox"/> Individual/sole proprietor or single-member LLC	<input type="checkbox"/> C Corporation	<input type="checkbox"/> S Corporation
	<input type="checkbox"/> Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=Partnership) ▶ _____	<input type="checkbox"/> Partnership	<input type="checkbox"/> Trust/estate
	<b>Note:</b> Check the appropriate box in the line above for the tax classification of the single-member owner. Do not check LLC if the LLC is classified as a single-member LLC that is disregarded from the owner unless the owner of the LLC is another LLC that is <b>not</b> disregarded from the owner for U.S. federal tax purposes. Otherwise, a single-member LLC that is disregarded from the owner should check the appropriate box for the tax classification of its owner.		Exempt payee code (if any) _____
	<input type="checkbox"/> Other (see instructions) ▶ _____		Exemption from FATCA reporting code (if any) _____
5 Address (number, street, and apt. or suite no.) See instructions.		Requester's name and address (optional)	
6 City, state, and ZIP code			
7 List account number(s) here (optional)			

## Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on line 1 to avoid backup withholding. For individuals, this is generally your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the instructions for Part I, later. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN*, later.

**Note:** If the account is in more than one name, see the instructions for line 1. Also see *What Name and Number To Give the Requester* for guidelines on whose number to enter.

<b>Social security number</b>	
[ ] [ ] [ ] - [ ] [ ] - [ ] [ ] [ ] [ ]	
<b>or</b>	
<b>Employer identification number</b>	
[ ] [ ] - [ ] [ ] [ ] [ ] [ ] [ ] [ ] [ ]	

## Part II Certification

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me); and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding; and
3. I am a U.S. citizen or other U.S. person (defined below); and
4. The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

**Certification instructions.** You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions for Part II, later.

<b>Sign Here</b>	Signature of U.S. person ▶ _____	Date ▶ _____
------------------	----------------------------------	--------------

## General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

**Future developments.** For the latest information about developments related to Form W-9 and its instructions, such as legislation enacted after they were published, go to [www.irs.gov/FormW9](http://www.irs.gov/FormW9).

### Purpose of Form

An individual or entity (Form W-9 requester) who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) which may be your social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN), to report on an information return the amount paid to you, or other amount reportable on an information return. Examples of information returns include, but are not limited to, the following.

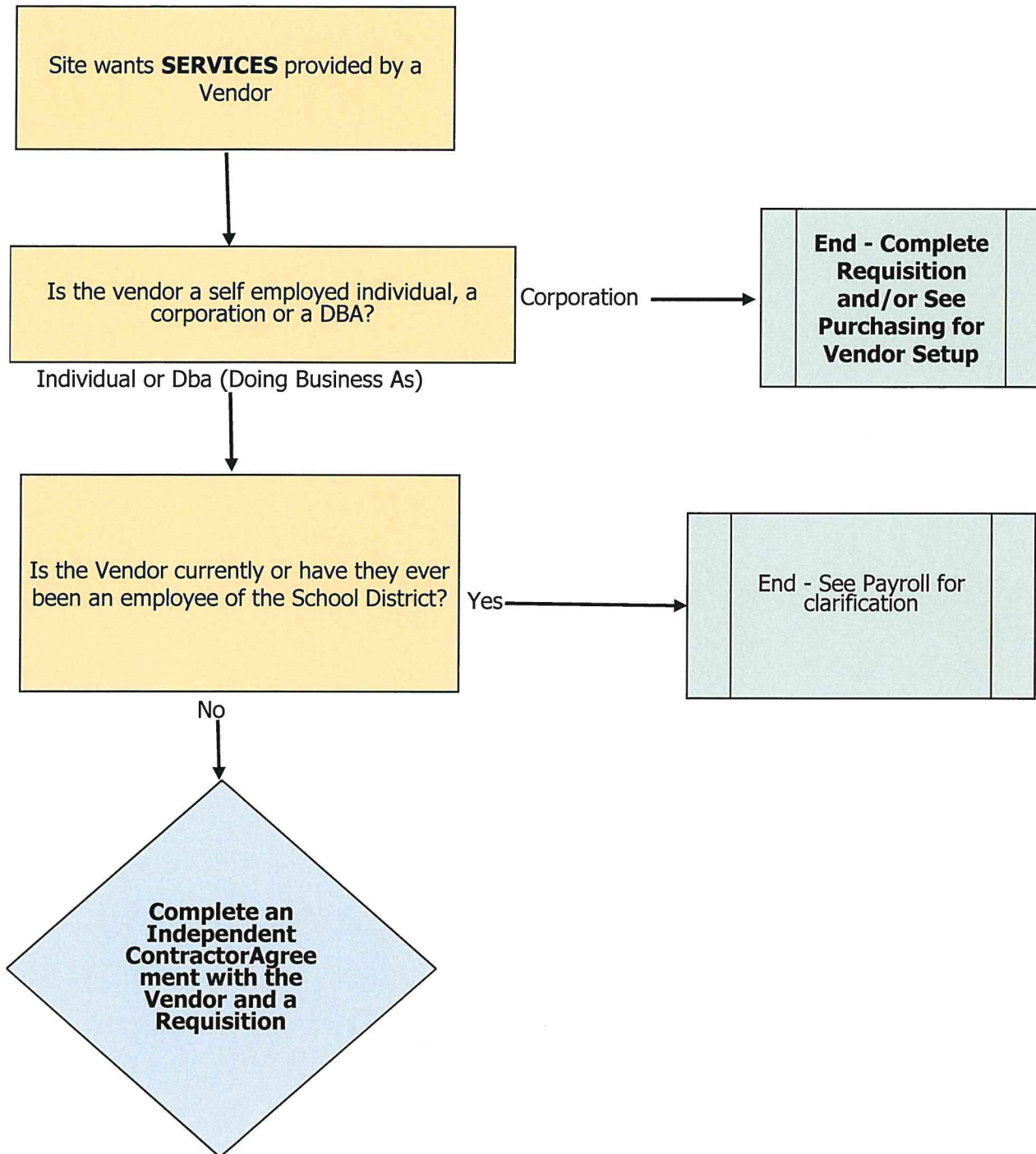
- Form 1099-INT (interest earned or paid)

- Form 1099-DIV (dividends, including those from stocks or mutual funds)
- Form 1099-MISC (various types of income, prizes, awards, or gross proceeds)
- Form 1099-B (stock or mutual fund sales and certain other transactions by brokers)
- Form 1099-S (proceeds from real estate transactions)
- Form 1099-K (merchant card and third party network transactions)
- Form 1098 (home mortgage interest), 1098-E (student loan interest), 1098-T (tuition)
- Form 1099-C (canceled debt)
- Form 1099-A (acquisition or abandonment of secured property)

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN.

*If you do not return Form W-9 to the requester with a TIN, you might be subject to backup withholding. See What is backup withholding, later.*

# Independent Contractor Flowchart



## Independent Contractors

On April 30, 2018, in the *Dynamex Operations West, Inc. v. The Superior Court of Los Angeles County*, the California Supreme Court established stricter tests for an employer to ensure that employees are not misclassified as independent contractors, and thereby, not receiving benefits to which employees are entitled and not generating employment taxes.

The 1989 California Supreme Court ruling originally defined workers as contractors by applying these tests:

- Is the work an integral part of the local educational agency (LEA)?
- Does the worker’s managerial skill affect the profit or loss opportunity for the contractor?
- How does the worker’s investment compare to the LEA investment?
- Does the work require special skill and initiative?
- Is the relationship between the contractor and the district permanent or indefinite?
- What is the nature and degree of the district’s control?

In *Dynamex Operations West, Inc.*, the California Supreme Court established the ABC test in which a worker is presumed to be an employee unless the employer can show that:

- A. The worker is free from control and direction of the hiring entity in connection with the performance of the work, both under the contract for the performance of the work and in fact;
- B. The worker performs work that is outside the usual course of the hiring entity’s business (“independent, separate, and distinct business from that of the employer”), regardless of where the work occurs; and
- C. The worker is customarily engaged in an independently established trade, occupation, or business of the same nature as the work performed for the hiring entity.

The new ABC test applies only to Industrial Welfare Commission Wage Orders. The Court’s opinion did not include a ruling about whether the test would also apply to other wage and hour laws. The new California Supreme Court ruling makes it significantly more challenging for entities to classify workers as independent contractors rather than employees. LEAs should review their independent contractor relationships to determine if any of their workers should be reclassified.

—*Jamie Metcalf and Kathleen Spencer*

posted 05/11/2018

## **INDEPENDENT CONTRACTORS IRS 20-FACTOR TEST**

An independent contractor is a worker who individually contracts with an employer to provide specialized or requested services on an as-needed or project basis. This individual is free from control and direction of the performance of their work, and the individual is customarily engaged in an independent trade, occupation, profession, or business.

Independent contractors have greater control over the way they carry out their work than employees. Employers assume fewer duties with respect to independent contractors than employees.

Independent contractors are generally outside the coverage of various laws that apply to the employer-employee relationship. An employer must exercise extreme caution when classifying a worker as an independent contractor. This is especially important when it comes to issues such as pension, workers compensation, and wage and hour law. Employers do not withhold federal, state and local taxes from wages paid to independent contractors, they are not included in an employer's benefits programs, are exempt from wage and hour, employment discrimination laws and unemployment insurance. Therefore, the penalties for misclassifying a worker can be huge. Penalties can include back taxes or premiums, civil fines, interest, and other retroactive damages.

The independent contractor relationship is beneficial to both parties, so pursuing an independent contractor arrangement is a practical way to do business for employers. The IRS has developed guidelines to help the employer to correctly classify their employment relationships. The IRS follows the common law test for determining whether an individual is an employee for federal employment tax purposes. Under the common law test an employer-employee relationship exists if the person for whom services are performed has the right to control and direct a worker in results, specific details and the means by which the results are accomplished.

The "Reasonable Basis" test provides a "safe harbor" to employers, which bars the IRS from challenging the status of workers as independent contractors if certain conditions are met. If the following conditions are met the employer does not have tax liability for workers under Section 503 and the IRS cannot penalize an employer for misclassifying a worker as an independent contractor:

- The employer has always treated the worker as an independent contractor
- The employer has filed all returns for the worker for all periods after 1978 and the returns were consistent with independent contractor status
- The employer had a reasonable basis for treating workers as an independent contractor by either relying on judicial precedent, published rulings or technical advice, a prior IRS audit showing no penalties assessed for similarly situated workers, or a longstanding recognized practice of a significant segment of the industry in which the individual worked.

The IRS developed the 20-Factor Test shown below to help employers evaluate whether a worker is an employee or an independent contractor. No one factor on the test is more indicative of employee status than another. If there is a high number of "yes" marks, then it will most likely indicate the presence of an employment relationship, a high number of "no" marks may or may not indicate a contractor relationship. Therefore, it is best for employers to err on the side of caution and to pursue an IRS ruling when in doubt. The important thing to remember when evaluating the status is who has the right to control the work as to when and how it is completed.

Employers and workers should file Form SS-8 (Determination of Employee Work Status for Purposes of Federal Employment Taxes and Income Tax Withholding) to get a determination from the IRS as to whether or not a worker is an independent contractor.

The IRS has released a 123-page manual designed to provide guidance to employers. The manual simplifies and explains the 20-point test. For a copy of the manual, you can contact the IRS center nearest you.

IRS 20-FACTOR TEST		ÖCHECK YES OR NO
1. Instructions	Is the worker required to comply with employer's instructions about when, where, and how to work?	<input type="checkbox"/> YES <input type="checkbox"/> NO
2. Training	Is training required? Does the worker receive training from or at the direction of the employer, includes attending meetings and working with experienced employees?	<input type="checkbox"/> YES <input type="checkbox"/> NO
3. Integration	Are the worker's services integrated with activities of the company? Does the success of the employer's business significantly depend upon the performance of services that the worker provides?	<input type="checkbox"/> YES <input type="checkbox"/> NO
4. Services Rendered Personally	Is the worker required to perform the work personally?	<input type="checkbox"/> YES <input type="checkbox"/> NO
5. Authority to hire, supervise and pay assistants	Does the worker have the ability to hire, supervise and pay assistants for the employer?	<input type="checkbox"/> YES <input type="checkbox"/> NO
6. Continuing Relationship	Does the worker have a continuing relationship with the employer?	<input type="checkbox"/> YES <input type="checkbox"/> NO
7. Set Hours of Work	Is the worker required to follow set hours of work?	<input type="checkbox"/> YES <input type="checkbox"/> NO
8. Full-time Work Required	Does the worker work full-time for the employer?	<input type="checkbox"/> YES <input type="checkbox"/> NO
9. Place of Work	Does the worker perform work on the employer's premises and use the company's office equipment?	<input type="checkbox"/> YES <input type="checkbox"/> NO
10. Sequence of Work	Does the worker perform work in a sequence set by the employer? Does the worker follow a set schedule?	<input type="checkbox"/> YES <input type="checkbox"/> NO
11. Reporting Obligations	Does the worker submit regular written or oral reports to the employer?	<input type="checkbox"/> YES <input type="checkbox"/> NO
12. Method of Payment	How does the worker receive payments? Are there payments of regular amounts at set intervals?	<input type="checkbox"/> YES <input type="checkbox"/> NO
13. Payment of Business and Travel Expenses	Does the worker receive payment for business and travel expenses?	<input type="checkbox"/> YES <input type="checkbox"/> NO
14. Furnishing of tools and materials	Does the worker rely on the employer for tools and materials?	<input type="checkbox"/> YES <input type="checkbox"/> NO
15. Investment	Has the worker made an investment in the facilities or equipment used to perform services?	<input type="checkbox"/> YES <input type="checkbox"/> NO
16. Risk of Loss	Is the payment made to the worker on a fixed basis regardless of profitability or loss?	<input type="checkbox"/> YES <input type="checkbox"/> NO
17. Working for more than one company at a time	Does the worker only work for one employer at a time?	<input type="checkbox"/> YES <input type="checkbox"/> NO
18. Availability of services to the general public	Are the services offered to the employer unavailable to the general public?	<input type="checkbox"/> YES <input type="checkbox"/> NO
19. Right to discharge	Can the worker be fired by the employer?	<input type="checkbox"/> YES <input type="checkbox"/> NO
20. Right to quit	Can the worker quit work at any time without liability?	<input type="checkbox"/> YES <input type="checkbox"/> NO