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TO: Fiscal Officers of All State Agencies

DATE: June 8, 1994

SUBJECT: New Detail Object Codes

The upcoming CUSAS Revision, effective July 1, 1994, contains a number of new or revised detail object codes which were necessary to comply with the Internal Revenue Service (IRS) requirements for Form 1099 reporting. In many instances, new detail objects have been established to separate payments to service providers which are reportable on Form 1099 from nonreportable payments to benefit recipients or nonreportable expense reimbursements. In these cases, the correct detail object is dependent on the payee. For example, detail object 1276, *Registration Fees and Conference Expenses*, has been revised to include only reimbursements to employees and detail object 1274, *Registration Fees and Conference Expenses, Payments to Vendors*, has been added. Payments charged to detail object 1274 will be reported on Form 1099, while detail object 1276 reimbursements to employees are not reportable.

New detail objects have also been established to separate 1099 reportable payments for rents, royalties, services, or prizes from nonreportable payments for merchandise or nontaxable grants. For example, detail object 1899, *Automotive Expense, Not Elsewhere Classified*, has been revised to include only nonservice automotive expenses and detail object 1898, *Automotive Services, Not Elsewhere Classified*, has been added for service payments. Cleaning supplies (merchandise) would be charged to detail object 1899 and vehicle testing (services) would be charged to 1898.

Agencies should begin using these new detail object codes immediately. Vouchers not properly utilizing the new and revised detail object codes by July 1, 1994, (regardless of fiscal year) will be subject to return. In the following summary of detail object changes, bold type is used to note additions to current detail object codes. Strike-outs are used to note deletions of prior wording. The number and description of new detail object codes are in bold type.

1246 Hospital and Medical Services, Payments to Providers.

Payments made **DIRECTLY TO PROVIDERS** for medical services provided by hospitals, clinics, and individuals not employed by the State, including physicians, nurses, dentists,

optometrists, psychologists, and physical, speech, and occupational therapists. **Excludes payments to pharmacies for prescription drugs (1256)**, payments for treatment of injured employees under provisions of the Workers' Compensation Act (4422 and 4423), and medical consultant fees (1241).

1256 Pharmaceutical Services.

Payments to pharmacies for prescription drugs.

1249 Employee Moving Expenses, Reimbursements to Employees.

Payments to reimburse State employees for moving expenses incident to new State employment or to reimburse relocated current employees. Includes lodging, per diem reimbursements, and mileage if not chargeable to Travel, detail object 1291 or 1292. [Tax Note: All employer reimbursements of employee moving expenses must be reported on the employee's Form W-2. Beginning January 1, 1994, qualified moving expenses - transportation of household goods and lodging/travel expenses for the move to the new residence - may be reimbursed as nontaxable Section 132 fringe benefits, provided the relocation plan is an accountable plan. In addition, the commuting distance between the new work location and former residence must increase by at least 50 miles. Reimbursements under nonaccountable plans and nonqualified moving expenses, such as temporary lodging, are taxable as wages and subject to withholding and FICA. Consult IRS publications for further information.]

1250 Employee Moving Expenses, Payments to Vendors.

Moving expenses paid **DIRECTLY TO VENDORS** on behalf of new State employees or relocated current employees. Includes lodging, meals, and transportation costs if not chargeable to Travel, detail object 1293 or 1294. [Tax Note: Employer-paid employee moving expenses must be reported on the employee's Form W-2 and may be taxable. Refer to detail object 1249 for further information.]

1272 Travel, Non-State Employees, Payments to Vendors.

Payments made **DIRECTLY TO VENDORS** on behalf of non-state employees for costs incurred incident to travel in connection with official State business. Excludes reimbursements to non-state employees; refer to detail object 1286 for instructions concerning the proper detail object to charge reimbursements.

1286 Travel, Reimbursements to Non-State Employees.

Payments to reimburse a **NON-STATE EMPLOYEE** for any expenditure directly incident to travel in connection with official State business provided the non-state employee adequately accounted for the expenses. Such accounting must include written

substantiation of the actual expenses with appropriate documentation (receipts, canceled checks, bills). Reimbursements for which an adequate accounting is not made should be charged to the detail object code covering the services performed.

1274 Registration Fees and Conference Expenses, Payments to Vendors.

Payments DIRECTLY TO VENDORS for registration fees and conference expenses incurred by State employees while attending conferences, seminars, or conventions representing official State business. Unless prohibited by specific travel regulations, payments to vendors for normal travel expenses and registration fees which are \$50 or less are properly charged to Travel, detail object 1293 or 1294.

1276 Registration Fees and Conference Expenses, Reimbursements to Employees.

Payments to reimburse State employees for registration fees and conference expenses incurred while attending conferences, seminars, or conventions representing official State business. Unless prohibited by specific travel regulations, reimbursements for normal travel expenses and registration fees which are \$50 or less are properly charged to Travel, detail object 1291 or 1292.

1275 Subscriptions. and Information Services

Charges for publications and subscriptions to newspapers, periodicals, newsletters, journals, directories (limited life span), or other publications which are issued periodically. Excludes periodicals and subscriptions used in library operations (1560) and charitable "subscriptions" or contributions of any kind which cannot be paid from State funds without special legislative action.

1289 Contractual Services, Not Elsewhere Classified.

Charges for services rendered by non-employees which cannot reasonably be paid from any other account under "Contractual Services." Miscellaneous services not subject to precise classifications may be charged to this account. Examples are: charges for educational exhibits; catering services; lettering of doors or other equipment; sign-painting; payment of bonus commissions to lottery agents and information, clipping and address services.

1278 Interviewee Expenses, Reimbursements to Prospective Employees. Payments to reimbursement prospective State employees for travel, food, lodging, and other costs incurred incident to employment interviews with State agencies, provided the prospective employee adequately accounted for the expenses. Such accounting must include written substantiation of the actual expenses with appropriate documentation (receipts, canceled checks, bills). Includes reimbursements for interviewee meals paid by State employees. Reimbursements for which an adequate accounting is not made and payments to vendors on behalf of interviewees should be charged to detail object 1281.

1281 Interviewee Expenses, Payments to Vendors. Payments made DIRECTLY TO VENDORS on behalf of prospective State employees, and reimbursements to interviewees for which an adequate accounting has NOT been made, for costs incurred incident to employment interviews with State agencies, including travel, food, and lodging. Payments directly to interviewees for which an adequate accounting has been made should be charged to detail object 1278. Refer to detail object 1278 for further information concerning accountable reimbursements.

1282 Royalties.
Charges incurred by State agencies for royalties.

1285 Operating Taxes, Licenses, and Fees.
Charges for operating taxes, licenses and fees incurred by an agency's operation. Examples are: Food Services, license fees, notary bond, royalties, inspection fees, and legal certificates such as parking permits, passports and birth certificates.
Note: Payments for royalties should be charged to detail object 1282.

1898 Automotive Services, Not Elsewhere Classified.
Charges for automotive services which do not fall within the more specific classifications under "Operation of Automotive Equipment," including charges for parts or materials used to render the services as long as supplying the parts or materials was incidental to providing the service. Examples include vehicle testing services and the services of locksmiths. Payments for automotive supplies and other nonservice payments not within the more specific classifications should be charged to detail object 1899.

- 1899 **Automotive Expenses, Not Elsewhere Classified.**
Charges for vehicle registration fees, cleaning supplies, and other nonservice automotive expenses which do not fall within the more specific classifications under "Operation of Automotive Equipment." Payments for automotive services not within the more specific classifications should be charged to detail object 1898.
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- 4401 **Services for Benefit Recipients, Payments to Providers.**
Payments made DIRECTLY TO SERVICE PROVIDERS, other than medical service providers, for services to the mentally ill, the developmentally disabled, the chemically dependent, and other aided persons who are not wards of the State. Includes payments for counseling; case management; job placement preparation; training and instruction; nonmedical home support and maintenance; alcohol and drug prevention and treatment; and crisis intervention. Includes payments to service providers for transporting benefit recipients and transportation costs related to medical treatment for children. Excludes medical services (4460, 4467), payments to benefit recipients (4461, 4464), and payments on behalf of benefit recipients for in-home domestic services (4465, 4466).
- 4402 **Home-Based Support Services for the Mentally Ill, Payments to Providers.**
Payments made DIRECTLY TO SERVICE PROVIDERS for home-based support services to the mentally ill or developmentally disabled, with the exception of in-home domestic services which are chargeable to detail object 4466.
- 4411 **Travel and Expense Reimbursements to Service Providers.**
Payments to reimburse a service provider for travel or other incidental expenses incurred in the performance of services for the State provided an adequate accounting is made for the expenses. Such accounting must include written substantiation of the actual expenses with appropriate documentation (receipts, canceled checks, bills). Reimbursements for which an adequate accounting is not made should be charged to the detail object code covering the services performed.
- 4458 **Services, Not Elsewhere Classified.**
Payments made directly to non-state employees for services which do not fall within a more specific detail object under "Grants and Awards." Includes the services of attorneys, court reporters, and hearing officers.
- 4464 **Reimbursements and Payments to Benefit Recipients.**
Nontaxable reimbursements and payments made DIRECTLY TO BENEFIT RECIPIENTS who are not wards of the State. Includes payments to aided persons and other recipients for vocational rehabilitation; home maintenance and support services; medical

services and equipment; training supplies; and travel reimbursements. Excludes taxable grant payments (4443); and payments made directly to service providers and other vendors.

4467 Medical Services, Payments to Providers.

Payments DIRECTLY TO MEDICAL SERVICE PROVIDERS, including hospitals, clinics, physicians, nurses, optometrists, psychologists, and occupational, speech, and physical therapists, for medical services for persons who are not wards of the State. Includes payments to medical services providers for screening and diagnostic services related to medical treatment for children. Excludes payments to pharmacies for prescription drugs (4468); payments to vendors for equipment and supplies (4468); and payments directly to benefit recipients (4461, 4464).

4468 Supplies, Equipment, and Prescription Drugs, Payments to Vendors.

Payments made DIRECTLY TO VENDORS for supplies, equipment, and prescription drugs for persons who are not wards of the State. Excludes payments for services and reimbursements to benefit recipients.

4410 Rental Assistance, Payments to Property Owners.

Rental assistance payments made directly to property owners or managers on behalf of benefit recipients. Includes Section 8 housing rental payments. Excludes rental assistance payments made directly to benefit recipients.

(Note: Certain Section 8 rental assistance payments were previously charged to detail object code 4470.)

4440 Prizes, Premiums, and Awards.

Prizes, premiums, and awards that are not for services rendered, including prizes and premiums for fair exhibits, contests, horse races, and horse shows. Excludes payments for Lottery prizes (4441 and 4442).

4443 Taxable Grants, Payments to Recipients.

Taxable grant payments made DIRECTLY TO RECIPIENTS, including grants to provide subsidized energy financing; grants for projects designed to conserve or produce energy, but only with respect to Section 38 property or a dwelling unit located in the United States; and USDA agricultural subsidy payments.

NOTE: A Federal grant is usually taxable unless stated otherwise in the legislation authorizing the grant.

4489 **Nontaxable Grants and Awards, Not Elsewhere Classified, Payments to Recipients.**
Nontaxable grant and award payments made DIRECTLY TO RECIPIENTS, not reportable on IRS Form 1099, which do not fall within a more specific detail object under "Grants and Awards." Includes reimbursements of qualifying expenses under the Illinois Forestry Development Act cost-share program and payments to individuals under the Individual Family Grant Program. Excludes taxable grants paid directly to recipients (4443) and all payments to service providers and vendors. Refer to CUSAS procedure 17.20.50 for further information on payments subject to IRS Form 1099 reporting.

4460 **Medical Services for Public Assistance Recipients, Payments to Service Providers.**
Payments for medical services on behalf of public assistance recipients. Excludes payments to pharmacies for prescription drugs (4468); payments to vendors for equipment and supplies (4468); and payments directly to benefit recipients (4461, 4464).

4461 **Assistance Payments to Individuals.**
Assistance payments made to noninstitutionalized aided persons and/or their dependent children who are not wards of the State. Includes payments under the Senior Citizens Property Tax Relief Program and disaster assistance payments to individuals. Excludes unemployment compensation (4432). **EXCLUDES ALL PAYMENTS NOT MADE DIRECTLY TO AIDED PERSONS.**

4452 **Funeral and Burial Expenses, Reimbursements.**
Reimbursements of funeral and burial expenses for public assistance recipients, including dependent children, paid by decedent's relative or other responsible person. Funeral and burial expenses paid directly to vendors should be charged to detail object 4462. Payments for burial of institution inmates (State wards) should be charged to detail object 1247.

4462 **Funeral and Burial Expenses, Payments to Vendors.**
Payments DIRECTLY TO VENDORS for burial expenses of public assistance recipients, including dependent children. Reimbursements of funeral and burial expenses paid by decedent's relative or other responsible person should be charged to detail object 4452. Payments for burial of institution inmates (State wards) should be charged to detail object 1247.

4481 Grants on Behalf of Veterans and Their Dependents, Payments to Service Providers.

Payments **DIRECTLY TO VENDORS** for cartage and erection of veteran's headstones, educational opportunities for children of veterans, and non-rent housing assistance. Nontaxable grants paid directly to veterans and their dependents should be charged to detail object 4482. Rental assistance paid to property owners or managers should be charged to detail object 4410.

4482 Grants Paid to Veterans and Their Dependents.

Nontaxable grant payments to veterans or their dependents for housing assistance, cartage and erection of veteran's headstones, educational opportunities for children of veterans, and veteran bonuses. Payments to service providers on behalf of veterans and their dependents should be charged to detail object 4481.

4496 Living Expenses for State Wards Outside of State Institutions, Payments to Service Providers.

Payments **DIRECTLY TO SERVICE PROVIDERS** for the cost of board, lodging, school tuition, and similar costs directly incident to the support of State wards outside of State institutions. Reimbursements to foster parents should be charged to detail object 4497.

4497 Living Expenses for State Wards Outside of State Institutions, Reimbursements to Foster Parents.

Reimbursement to foster parents for the expenses of caring for foster child in foster home, including such additional sums paid for providing additional care of foster child which is required by reason of physical, mental or emotional handicap of such child. Payments made directly to service providers should be charged to detail object 4496.

4422 Workers' Compensation Payments to Medical Service Providers.

Payments **DIRECTLY TO MEDICAL SERVICE PROVIDERS**, including physicians, surgeons, hospitals, and clinics, for medical services for State employees injured in connection with State employment, payable under the Workers' Compensation Act. Payments to injured employees should be charged to 4421; nonservice payments to vendors on behalf of injured employees should be charged to detail object 4423.

4423 Workers' Compensation Payments to Vendors for Prescription Drugs and Medical Equipment and Supplies.

Payments **DIRECTLY TO VENDORS** for prescription drugs, medical supplies, and medical equipment on behalf of State employees injured in connection with State employment, payable under the

Workers' Compensation Act. Payments to injured employees should be charged to detail object 4421; payments to medical service providers on behalf of injured employees should be charged to detail object 4422.

Under federal law, the earnings of domestic workers are subject to social security and Medicare taxes and are reportable on IRS Form W-2. Payments to individual providers of in-home domestic services should be charged to detail object 4465, 4466 or 4495. These detail object codes have been revised to note that FICA taxes are chargeable to the same detail object as the earnings.

4465 Domestic Services under Vocational Rehabilitation Program. Payments under vocational rehabilitation programs to individual providers of domestic services in the homes of aided persons who are not wards of the State. **Includes related FICA payments.**

4466 Domestic Services for Aided Persons. Payments to individual providers of domestic services in the homes of non-institutionalized aided persons. **Includes related FICA payments.** Excludes payments under the Senior Citizen Property Tax Relief Program and disaster assistance payments. Excludes payments under vocational rehabilitation programs (4465).

4495 In-Home Day Care Provider Payments. Payments to individual day care providers for services performed in the recipient's home. **Includes related FICA payments.** Excludes payments for services performed in the day care provider's home or at day care facilities (4494) and payments to corporations and partnerships (4494).

If you have any questions concerning these revisions, please contact Peggy Blackburn, Manager of Accounting Operations at (217) 782-4107.

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