

Date: February 5, 2024  
To: PACIF Members  
From: PACIF Workers' Compensation Audit Team  
Re: VLCT PACIF Workers' Compensation 2023 Payroll Audit

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Dear PACIF Member:

It is once again time to submit documentation for your annual workers' compensation payroll audit. As we did last year, we will be completing the audit using **mail-in and email procedures**. As such, we ask that you help by carefully reviewing all the guidance in this memo and compiling the appropriate documentation in a timely manner, so the process is a smooth one for all of us. **Please note that in some cases, we may ask to schedule one or more Zoom or Microsoft Teams meetings with you to expedite the audit process.**

Please collect the following documents for **Calendar Year 2023**:

1. **941's** – Obtain copies of all Quarterly 941's for calendar year 2023.
2. **Payroll records including OT** – provide payroll showing gross wages for each employee, including overtime. Overtime must be broken out. If you attach copies of W2's, you can conceal the Social Security numbers to protect your employees' personal information.
  - **NEMRC** - If your payroll is on the NEMRC system, please generate two reports.  
Report #1: "*Employee Wage Summary Report*" that shows Detail by Name  
Report #2: "*PayTypes Report*" - Under "Range", select "All", under "Order" check "Name", also check the "All Pay" tab, **uncheck** the bottom three boxes ("fringes, reimbursements and deductions"), and either print or export the data to an Excel file. *(see NEMRC Instructions document for detailed step-by-step including screenshots)*
  - **Quickbooks** - If you use Quickbooks, generate the report titled "*Payroll Expenses*" or "*Payroll Summary*" report.
  - **Other** - If you are using payroll cards or any type of manual system, please make sure that each employee's overtime and rate of pay are clearly marked and legible.
3. **Elected/Appointed Officials** - List of all municipal officials for calendar year 2023 clearly indicating each as elected or appointed.
4. **1099's & Supporting Documents** - Documentation for each non-employee who is paid to do work for your municipality via 1099 and not eligible for exclusion from payroll. For details, please visit [www.vlct.org/resource/documenting-subs-and-soles](http://www.vlct.org/resource/documenting-subs-and-soles). Here is a short overview of key requirements:

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- **1099's** - Copies of 1099's that were issued for contractors for calendar year 2023. For each one, indicate the type of services rendered either on the 1099's or a separate document. Please break out any applicable purchase of goods from labor costs.
- **COI** - A Certificate of Insurance showing proof of the contractor's General Liability coverage and Workers' Compensation coverage (if applicable) during the period the work was performed. General Liability coverage should include the Named Member (your municipality) as an additional insured.
- **Contract** - A valid and executed contract between the Named Member and the Contractor clearly indicating the period the work was performed.
- **NEWA** - A completed and executed copy of the most recent Non-Employee Work Agreement for the period the work was performed.
- **Established/Advertised Business** - marketing material such as a business card, website, social media page or active Secretary of State filing that identifies the contractor as holding themselves out for work for the general public.

**Note that contractor payroll for those you cannot provide all items listed under #4 may be charged as an employee on your audit.**

Please compile and provide the required documents within 30 days. **Whenever possible, we ask that the required documents be provided electronically to our secure email** at [pacif-self-audit@vlct.org](mailto:pacif-self-audit@vlct.org).

Otherwise, they may be **mailed to**:

Vermont League of Cities & Towns  
Attn: Underwriting Dept.  
89 Main Street, Suite 4  
Montpelier, VT 05602-2948

Or **faxed** to (802) 229-2211

We truly appreciate your assistance in completing the audit in a timely manner. Members of the audit team are available to provide additional assistance if desired and can be reached at 1-800-649-7915. We always welcome your inquiries.

Sincerely,

***Your Workers' Compensation Audit Team***

Sherry Allen, *Underwriting & RMS Assistant*

Susan Benoit, *Underwriter*

Vicky Abare, *Senior Underwriter*

Kelly Knotek, *Underwriting Supervisor*