



MIDWEST GLASS

January 2015

A MINNESOTA GLASS ASSOCIATION PUBLICATION

January 2015

UPCOMING EVENTS

JANUARY 13, 2015
SAFETY TRAINING
MIDLAND HILLS CC
IN ROSEVILLE

MARCH 5-8, 2015
GANA ANNUAL CONFERENCE
LAS VEGAS, NV

MARCH 8-10, 2015
GANA BEC
ANNUAL CONFERENCE
LAS VEGAS, NV

JUNE 11, 2015
MGA GOLF OUTING
MAJESTIC OAKS

AUG 12, 2015
MINNESOTA TWINS
3RD ANNUAL TAILGATE EVENT

ANNOUNCEMENTS

REMINDER - MGA MOVED!
MGA HAS MOVED OUR OFFICE TO:
1123 GLENWOOD, SUITE #100
MINNEAPOLIS, MN 55405

HEADLINES

- **YEAR END REPORTING**
- **HOW TO ENSURE YOUR EXPERIENCE MODIFICATION WORKSHEET IS ACCURATE**
- **THE IMMIGRATION COMPLIANCE AUDIT OVERVIEW**

MGA Annual Meeting and Winter Social

MGA members gathered again at Park Tavern for its Annual Meeting and Winter social. The Annual meeting consisted of a review of activities for the year and concluded with the election of Officers and Board members. In 2015 the Board will be made up as listed in the following chart.

Position	Incumbent	Company
President	Frank Thumser	Brin/Northwestern
Past President	Eric Solland	Indianhead
President Elect	Brad Hapka	Only One Auto Glass
Secretary/ Treasurer	Jim Janssen	Sika
Board Member	Patrick Tanner	Dorglass
Board Member	Amber Dornfeld	Architectural Prod.
Board Member	Rick Rosar	Rapid Glass
Board Member	Matt Horovitz	Minneapolis Glass
Board Member	Beau Knock	Capitol City

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2014 was a good year for the MGA. Highlights include success at the legislature as MGA members led the industry in blocking a legislative bill that would have ended pricing arbitration in Minnesota. The ability to use tool has proved very beneficial not only to those companies who choose to use it but to every other member of the auto glass community as well.

The year also included a number of education events, highly successful golf fundraiser and our second annual Twins Tailgating event. The Twins event was a record breaking event for the MGA; more people attended this event than any other in the history of the MGA.

Glass industry companies participate in a variety of markets: commercial construction, automotive service, residential construction - we are very small by comparison to the primary players in these markets. To succeed it is critical that we unite and work together whenever possible. If we do work together, we can dramatically impact our work environment and enact any change we wish.

Mike Schmaltz, Executive Director

Year End Reporting

By Tim Pass

CPA for Smith Schafer & Associates, Ltd.

The holiday season is fast approaching and that can mean only one thing; tax time is here again. With the onset of a new year, all businesses must disclose employee wage and vendor payments for the prior year through W-2 and 1099-Misc. forms. As you look to prepare these forms there are a number of things to keep in mind.

W-2 Reporting

This will be the second year, W-2 forms will include the additional .9 percent Medicare surtax and possibly health insurance premium reporting. Employees who had wages over \$200,000, which resulted in the additional .9 percent Medicare surtax being withheld from their paychecks, will have that amount reported with their normal Medicare withholding in box 6 of the W-2.

For 2013, the Affordable Care Act includes a provision requiring employers, who issue 250 or more W-2 forms, to disclose the cost of employer-sponsored health coverage. This information is disclosed in box 12 of the W-2 with code DD. Employers with fewer than 250 employees are exempt from this disclosure requirement.

1099-Misc. Reporting

Identifying 1099-Misc. form recipients can be a challenge. Typically, any payee who is paid over \$600 within a year and is not a corporation should receive a 1099-Misc. form. Of course there are exceptions. For example, attorneys who receive over \$600 in payments are required to receive a 1099 form regardless of what type of entity they are.

Determining which payees are corporations may be a difficult task, especially in the middle of January. To streamline 1099 form preparation, it is good business practice to request and retain a W-9, Request for Taxpayer Identification Number and Certification, from all vendors. The W-9 has check boxes requiring the vendor to identify their federal tax classification. If they mark the box for a C Corporation or an S Corporation, no 1099 is required. Often the name of the vendor is not sufficient to identify the need for a 1099. For example, ABC Company, could be a corporation with no 1099 reporting requirement or it could be a sole proprietor requiring a 1099. In the future, best practice is receiving a completed W-9 before issuing payment to a new vendor.

Companies should avoid issuing both a 1099-Misc. and a W-2 to the same recipient in one year. Issuing both could raise questions with the IRS as to whether the payment on the 1099 is actually additional wages and should be subject to payroll taxes.

E-Filing

Companies have the option to e-file the government copies of W-2 and 1099 forms, and in some situations it is required. Minnesota requires companies issuing a combined total of 10 or more W-2 and 1099 forms to file through Minnesota e-Services. Whether the forms will be e-filed or paper filed, all forms must be filed with the state by **March 2**.

The federal government encourages all companies to e-file their W-2 and 1099 forms. However, only companies issuing 250 or more W-2 forms are required to e-file with the Social Security Administration by March 31. If a company issues 250 or more of one type of 1099 (i.e. miscellaneous, dividend, interest, etc.) form, they must e-file that form type with the IRS by **March 31**, while you can elect to paper file remaining 1099 form types, which are due to the IRS by March 2. Congress is currently considering

legislation targeting identity theft prevention that could change the date to earlier in the year. Regardless of whether a company paper files or e-files their W-2 and 1099 forms with the government, recipients of the forms must receive their W-2 or 1099 by **January 31**.

For more information on this topic or accounting and tax related questions you may have, please contact the Smith Schafer Specialty Contractors Team at 952-920-1455.

Tim Pass is a CPA with Smith Schafer & Associates, Ltd. If you have any questions regarding the information in this article, please contact Tim by phone (952-920-1455) or email (t.pass@smithschafer.com).

How to Ensure Your Experience Modification Worksheet is Accurate **By Cassandra Coopet**

Submitted by Laura Moore, Marsh & McLennan Agency

The experience modification worksheet is a critical tool used by rating bureaus like the Minnesota Workers' Compensation Insurers Association (MWCIA) when calculating your workers' compensation premiums. Errors on this document, while rare, do occur and can add significant costs to your workers' compensation insurance premiums. However, even when errors do occur, it can be burdensome to re-file this document and it's not even always possible.

CORRECTING ERRORS & REFILING

First of all, it's important to review your worksheet immediately when you receive it from the rating bureau. This review doesn't have to be complex, but should include:

- Ensuring your payrolls are listed accurately
- Comparing listed losses to those on your current loss runs, looking for file closures and to determine if re-files are appropriate
- Confirming that claims are classified appropriately (i.e. all closed claims should be labeled as closed, etc.)

If you do find errors on the worksheet, communicate these to your agent and/or insurance carrier immediately to have them corrected.

If a claim identified as open on the worksheet has since been closed within that worksheet year, a re-file may be appropriate. This can immediately lower your experience modification rating, but isn't always allowed. For example, in Minnesota, re-file requests must meet the 5% aggravated inequity rule, meaning the change would drop the rating down by five points or more.

Carriers generally do not automatically request a re-file; therefore, it is important to review your open losses continually throughout the year and make sure your agent knows when claims are closed.



PROACTIVE MONITORING

Requesting experience modification document re-files is a reactive approach and isn't even always possible. Reviewing all open losses prior to filing your Unit Stat Card, on the other hand, is proactive and much more helpful.

Six months prior to your policy's renewal, the workers' compensation carrier takes a snapshot of your losses for the three-year rating period—the three years prior to your policy's effective date—and reports it

to the ratings bureau. Reviewing these reported losses is key because it enables you to request reserve reductions and file closures when appropriate, which can reduce your resulting experience modification rating and, thus, your insurance premiums.

While all these activities can be done on your own, they take time and are best done by professionals who know what to look for and the best procedures to follow. Always ask prospective insurance agents or brokers to provide you with examples of their expertise in Unit Stat reviews and experience modification worksheet re-files. Well structured, ongoing [claim management](#) procedures by a competent claims-specific team are good things to seek out when evaluating insurance advisors and providers.

EXPERIENCE MOD FORECASTING

As part of an ongoing experience modification rating review process, you should also look ahead to what the future holds for your experience modification rating. Well-qualified agents and brokers can provide you with an estimated EMR using sophisticated analytics software and models of likely premium scenarios. This can help you plan accordingly for any upcoming premium change due to the experience modification rating.

Marsh & McLennan Agency performs all these strategies to help ensure clients' experience modification ratings are accurate and they are not paying more than necessary for their workers' compensation insurance.

Laura Moore is a Senior Risk Management Consultant with Marsh & McLennan Agency. If you have any questions regarding the information in this article, please contact Laura by phone (763-746-8252) or email (moorel@rjfagencies.com).

The Immigration Compliance Audit Overview

Ryan J. Hatton, Hallelund Habicht, PA

Earlier articles in this series have described an employer's duty with respect to completing and maintaining Form I-9, and discussed how to avoid common pit-falls and mistakes when completing the Form I-9. This article will provide an overview of the types of immigration compliance audits that are available, and may be appropriate for companies to consider as they make important risk assessment decisions.

The private external compliance audit contains four separate audit components: 1) Form I-9 Audit; 2) Compliance Program Audit; 3) Liability Audit; and 4) Anti-Discrimination and Unfair Immigration-Related Employment and Practices Audit.

The first component, the Form I-9 audit, should be conducted by an external attorney auditor to determine whether the retained I-9s contain substantive versus technical and procedural errors. The Form I-9 audit requires the auditor to cross-check the I-9 forms against payroll records, related employment records, and lists of all employees terminated in the past three years. The auditor will make an assessment of missing or questionable I-9 forms, and will recommend remediation plans for I-9 errors to maintain the employer's good-faith affirmative defense against knowingly hired charges. The attorney auditor will also make specific recommendations for the employer to correct deficient I-9s, including instructions as to the conduct of tardy verifications for missing I-9s, as well as supervision over the employer's other remediation efforts.

A few important aspects of the Form I-9 audit are to identify I-9 forms that may be purged; correct technical and procedural errors so that they do not become substantive violations if a government audit occurs; and to correct substantive violations so that the statute of limitations period can begin to run.

Although some people in the human resources field promulgate the idea that conducting an internal I-9 audit is the recommended course of action, this thought is misguided for several reasons. Unfortunately,

statistics reveal that internal audits conducted by HR staff rarely mitigate an employer's I-9 liability exposure, and more often increase the liability. The reason for this is basic human nature. That is, when the people charged with completing the form are tasked with auditing compliance, they often over-look their own errors – and even worse, attempt to cover them up by making corrections without proper audit procedures. This can expose an employer to fraud charges if a government audit later takes place. Another important consideration in choosing an external attorney audit is the ability to protect the audit results from disclosure under the attorney-client privilege and attorney work-product doctrine. If the audit is conducted by HR staff, the audit results may be subject to disclosure requirements. This is particularly true for employers that have financial reporting obligations under the Sarbanes-Oxley Act.

The second component is the Compliance Program Audit, in which the employer's existing compliance program is audited both for the substance of its policies and for how those policies are implemented into compliance program procedures. Compliance manuals and training programs are reviewed by the auditor to determine whether the company's I-9 verification and retention, anti-discrimination, contractor liability and E-Verify government contractor policies are compliant and up-to-date. Construction companies that work on federal or Minnesota state funded projects may be required to participate in E-Verify for all employees working on those projects, and the compliance program audit is an important tool to ensure the company is not in violation of any Federal Acquisition Regulations or similar state regulations.

During the Liability Audit, the external auditor determines whether the employer has potential civil or criminal liability, liability for violations against knowingly hiring or continuing employ unauthorized aliens, Form I-9 paperwork and retention file violations. The ICE I-9 inspection requires that the agency provide a 10-day notice to allow the employer to correct technical and procedural non-substantive I-9 errors before charging them with paperwork violations. The private external liability audit focuses on complete audit remediation, including the correction of both substantive and technical I-9 deficiencies in order to begin the running of the statute of limitations to avoid administrative liability and mitigate potential penalties. The audit also includes an assessment of the employer's potential liability, including civil or criminal penalties, for violations of the following laws:

- H-1B Labor Condition Application dependency status;
- Permanent labor certification retention rules;
- FAR E-Verify rules for certain government contractors and subcontractors;
- Sanction violations involving constructive knowledge including contractor and subcontractor knowledge liability;
- The employer's potential exposure for government worksite enforcement actions; and
- Potential anti-discrimination or unfair immigration-related employment laws.

Finally, the Anti-discrimination (AD) and Unfair Immigration-Related Employment and Practices (UIREP) auditing requires the auditor's determination as to whether the employer's compliance training programs comply with the statutes, agency regulations, and written policies. The auditor determines whether the employer's hiring, employment and promotion practices have been in compliance with the laws and agency policies regarding AD and UIREP. This is an area of increasing compliance focus. In July 2013, a Memorandum of Understanding was executed between the Department of Labor (DOL) and the Office of Special Counsel for Immigration Related Unfair Labor Practices (OCI) in an effort to establish formal policies and procedures for sharing investigation information. As a result, if an employer is subject to a wage and hour audit by DOL, and the DOL investigators come across AD or UIREP violations, they will forward the information to OCI, which is the agency responsible for enforcing document abuse and immigration status discrimination claims.

If anything in this article has caused you to wonder how your company is doing with its immigration compliance requirements, you should contact an experienced immigration compliance attorney to discuss what steps your company should take to manage its risk and mitigate its potential liability.

Ryan Hatton is a commercial litigation and immigration compliance attorney with the Minneapolis law firm Halleland Habicht. If you have any questions regarding the information in this article, please contact Ryan by phone (612-836-5504) or email (<mailto:rhatton@hallelandhabicht.com>).

More Photo's from Park Tavern Annual Meeting and Winter social





JOIN YOUR FELLOW MEMBERS OF MGA IN SAVING ON FUEL!!

SPECIAL PROMOTION FOR MEMBERS OF MGA
\$.10 (10 CENTS) PER GALLON DISCOUNT FOR THE FIRST 90 DAYS.

NEW APPLICATIONS ONLY

► **FUEL DISCOUNTS**

Receive a \$.05 (5 cents) per gallon rebate on all gasoline and diesel fuel purchases. You must use your Holiday Fleet Card to receive this rebate. Good at over 400 Holiday Stationstore locations. In addition for each gallon an association member purchases, an additional half-cent is rebated to MGA, creating a source of non-dues revenue.

Your Holiday Fleet Card balance must be paid in full each month.

► **PROGRAM HIGHLIGHTS**

- On-line account access / Self manage your account
- Set Limits / Restrictions per card. Time of day, Dollar amount, etc.
- Add / Delete Cards.
- Shows Current Account Activity
- Review Historical Data – up to two (2) years
- PIN # Security
- Track Fuel Purchases by: Driver ID, Vehicle ID, Purchase Order, Odometer.
- No Cost Program. No set up fees. No monthly or annual dues.

► **CAR WASH SAVINGS**

Receive \$2 off a car wash at any participating Holiday Stationstores. No fuel needs to be purchased, but you must use your Holiday Fleet Card.

► **NO ANNUAL FEE**

There is no annual fee to carry the Holiday Fleet Card.

Contact

Don Keis...952-830-8889 or Shannon Miller...952-832-8521
fleetsales@holidaycompanies.com

Application Instructions:

1. Go to www.holidaystationstores.com
2. Click on the FLEET TAB
3. Click on FLEET MEMBER LOGIN
4. Enter User Name **MGA**
5. Enter Password **MGA900**
6. Select "Fleet Application"

CONFIDENTIAL

MGA Membership Application			
Name - Primary Contact		Company Name	
Address		City	State
			Zip
Phone	Fax	Email	
Primary Business - Check One <input type="checkbox"/> Flat <input type="checkbox"/> Auto Glass <input type="checkbox"/> Combination Auto & Flat <input type="checkbox"/> Trade Representative			
Annual Dues Structure: <input type="checkbox"/> up to \$499,999 \$300 <input type="checkbox"/> \$500,000-\$1,999,999 \$500 <input type="checkbox"/> \$2,000,000-\$4,999,999 \$800 <input type="checkbox"/> Over \$5 million \$1,000 <input type="checkbox"/> Associate Members \$300 <input type="checkbox"/> \$25 per location or name (please list separately)		Dues covers all employees. To list branch locations or additional company names under the same ownership on the MGA member list, please add \$25 per name/location, this will also include them on all MGA mailings. Total Amount Due	
Payment Type <input type="checkbox"/> Check (made payable to MGA) <input type="checkbox"/> VISA <input type="checkbox"/> Master Card <input type="checkbox"/> Amex			
		Phone	
Billing Address (if different than above)		City	State
			Zip
Number		Expiration Date	V-Code
By applying to become a member of the Minnesota Glass Association, our company and personnel agree to abide by the MGA Code of Ethics and bylaws.			
Please send and remit payment to: <div style="text-align: center; padding-top: 10px;"> Minnesota Glass Association, 1123 Glenwood Ave. #100, Minneapolis, MN 55405 </div>			

Founded in 1991, the Minnesota Subcontractors Association (MSA) is a non-profit trade association representing construction industry specialty contractors and suppliers. MSA is the only association that concentrates on the business issues affecting all subcontractors and suppliers with a focus on slow payment, retainage, indemnification, lien rights, fair contract language, bidding practices and similar issues. Members include both union and non-union firms from every specialty construction trade. MSA provides representation in government affairs, education services, scholarships and cooperative action for the improvement of the construction industry. Information is available on our website www.msamn.com.



Minnesota Glass Association
1123 Glenwood, Suite 100
Minneapolis, MN 55405

763-413-0805

<http://www.mnglass.org>

UPCOMING EDUCATIONAL EVENT

Tuesday, January 13 -

Safety Training Seminar *(rescheduled from 11/11/14)*
Midland Hills Country Club in Roseville. 7:30-11am

Overview:

- Cold weather safety
- How to set up safety program for your small business
- Benefits of setting up safety program for your small business

Presenters:



Adam Tripp, ASP
The Builders Group



Lana Steck, Health and Safety Technician
(Loss Control)
The Builders Group

**Log on to mnglass.org and click
“Meetings/Events” to register**

Details can be found at www.mnglass.org

(click Meetings/Events for details and to register)

1123 Glenwood, Suite 100, Minneapolis, Minnesota, 55405
Office 763-413-0805 | Fax 763-413-1131 | <http://www.mnglass.org>