

DIOCESE OF WORCESTER

PARISH ACCOUNTING MANUAL

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INTRODUCTION

This manual describes financial and accounting guidelines and procedures to account for parish operations. Its purpose is to provide financial and accounting guidelines with the following objectives:

- provide the guidelines of sound management control and accepted business practices that a pastor and his staff need to accurately maintain parish financial records.
- strengthen the parish internal control structure to provide reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with the authorization of the Bishop.
- enable the parish to consistently classify financial transactions which will, in turn, provide the parish with comparative meaningful financial statements that can be used to both review the past and plan for the future.
- provide a uniform method of accounting and reporting throughout the Diocese.
- facilitate the audit review of the Diocesan Office of Finances, which will take place every five years.
- provide for continuity in the process of a change of a pastor of the parish.

BUSINESS CONDUCT AND MANAGEMENT

A pastor has a fiduciary responsibility to his parishioners to administer the receipt and disbursement of parish funds in a prudent manner. Funds should be solicited and collected to the extent necessary to support parish activities and capital projects. Funds should be disbursed for valid expenditures incurred as part of these activities. Prudent management of monies requires the fiduciary to safeguard monies received, conserve the assets of the parish, and expend funds within parish means. These activities are to be conducted in a manner that maximizes the potential for good, minimizes the potential for waste, fraud, or abuse, and significantly establishes accountability for financial activities.

Pastors should integrate a graceful pastoral and business sense in the financial affairs of the parish. It is incumbent upon the pastor to be aware of accepted business practices as well as laws related to business dealings, such as requirements to file payroll taxes and other legal forms. When a pastor is in doubt about the accepted business practice or legal ramifications of a given situation, he should seek the counsel and advice of the Parish Finance Council and consult the Finance Officer of the Diocese of Worcester. The Parish Finance Council is a consultative body of lay persons established to advise the pastor in matters pertaining to the financial affairs of the parish.

PARISH FINANCE COUNCIL

The revised Code of Canon Law, promulgated in November of 1983 states in Canon 537 "Each parish is to have a finance council which is regulated by universal law as well as by norms issued by the diocesan bishop; in this council the Christian faithful, selected according to the same norms aid the pastor in the administration of parish goods with due regard for the prescription of Canon 532 -

"The pastor represents the parish in all juridic affairs in accord with the norm of law; he is to see to it that the goods of the parish are administered in accord with the norms of cann. 1281-1288."

The Finance Council is consultative. It advises the pastor. The pastor is the sole administrator of the parish goods. He has the ultimate responsibility to make the final decisions covering the handling of temporalities. The pastor is subject to norms set down by the diocesan Bishop and Universal Church Law.

Canon 537 states that the council is to be a group of "Christian faithful" who assist the pastor in the administration of parish goods. The council assists the pastor.

The prescriptions of Canon 537 requiring the Parish Finance Council to assist the pastor are fulfilled only if the pastor seeks its assistance and gives serious consideration to its advice in making decisions regarding temporalities. To act otherwise is in direct contravention to the tone of the revised Code. The Code notes that consultation is an essential step in arriving at sound decisions.

Both the pastor and the members of the parish finance council are called to participate openly and competently in the dialogue process of true consultation for the common good of the parish. The Parish Finance Council is a means of implementing shared responsibility.

The day-to-day operation of the business administration and finances is the responsibility of the pastor and parish staff. The Finance Council advises. In its role as an advisor and parish representative, the Finance Council should seek constantly to help promote all programs in the apostolate of the parish.

ORGANIZATION

Members chosen to constitute the Parish Finance Council should be appointed by the pastor from the men and women of the parish. They should not be salaried staff of the parish.

The number chosen will depend on the size of the parish. As a guideline, there should be at least

three members. It is the pastor's option to appoint more than the minimum of three, if the parish fiscal needs warrants additional members. A Chairperson should be appointed by the pastor or by option of the pastor; the chairperson may be elected by the members of the Finance Council. The pastor, by virtue of his office is a voting member of the Parish Finance Council.

FUNCTIONS

The basic functions that are to be performed by the Parish Finance Council are the following:

1. Assist the pastor in the development of the parish's annual budget in accordance with the guidelines provided by the diocesan policy.
2. Recommend approval of the parish's annual budget and review and comment on the ongoing financial reports at least quarterly, preferably monthly.
3. Together with the pastor, prepare, approve and submit a complete annual financial report of all parish activities at the end of the fiscal year to the Bishop, Parish Council and entire parish, and submit quarterly financial reports to the Parish Council and/or to the parish at large.
4. Develop the guidelines for the job descriptions of the parish salaried or volunteer employees including salary compensation and fringe benefits, recruitment, employment and termination.
5. Review financial reports of the various parish organizations, projects, activities, and assist in offering financial and management advice. Ensure adequate and practical accountability, and audits.
6. Together with the pastor, oversee the finances of all projects of construction, renovation, expansion and reconstruction or demolition, referring all extraordinary administrative acts to the office of the Diocesan Building Committee.
7. Offer counsel and monitor all parish assets, savings, special funds, and wills and bequests.
8. Offer counsel and assist the pastor in conducting the fund raising activities needed in the parish so that the work of the Church can be achieved and members of the parish can full participate with their fair share and stewardship.
9. Cooperate with the diocesan legal counsel in instances of civil litigation.
10. Assist parish organization in the development of their annual budget and review their annual reports.

11. Assure that each parish capital project over \$10,000 be brought to the attention of the Chancellor for a meeting with the diocesan building commission for permission to proceed with given project.
12. Assist the pastor in the development of a three year fiscal plan for the parish, including operational and capital costs.

CASH CONTROL

SEGREGATION OF DUTIES

Adequate safeguards and control over cash balances require a level of segregation of the primary responsibilities involving cash transactions: authorization, custodial, recording, and reconciliation. Ideally, two or more of these responsibilities should not be performed by the same individual. The following guidelines should be considered when evaluating the appropriate level of segregation:

Authorization: the pastor/administrator has the final responsibility of approving payment of invoices and committing parish resources.

Custodial: parish funds should be maintained in adequately protected bank accounts.

Recording: transactions should be recorded by a competent accountant/bookkeeper.

Reconciliation: reconciliation of account balances should be performed by the accountant/bookkeeper and reviewed by the pastor/administrator.

BANK ACCOUNTS

The pastor should be the only authorized signer on parish accounts.

Accounts should be properly named:

R. C. Bishop of Worcester, A Corporation Sole
Parish Name
Parish Address

A Limited Power of Attorney must be requested from the Chancellor's office to open any bank account. You must provide the Chancellor with the account name and number.

Each parish should maintain only one checking account from which all check disbursements are to be made unless the need for an additional account is mandated by law (i.e. bingo, games of chance, etc.).

All Parish savings are to be deposited in Diocesan Expansion Fund accounts. No savings are to be held on deposit in outside banking facilities.

A list of all parish bank accounts are to be kept on file in the Chancellor's office. This list is to be kept current by informing the Chancellor of all changes and additions.

BANK RECONCILIATIONS

The pastor should receive the unopened bank statements and review deposit activity and canceled checks for obvious inconsistencies prior to forwarding the statements to the individual responsible for the preparation of the bank reconciliations.

The bank statements should be date stamped when received, reconciled within seven days, and the person reconciling the accounts should initial and date when the reconciliation is completed.

The accounting method used by the parishes in the Diocese of Worcester is the cash method. All cash receipts and disbursements are reported as revenues and expenditures.

CASH RECEIPTS

This section provides guidelines to improve the accountability and safeguarding of the parish's cash receipt activity.

OFFERTORY AND OTHER COLLECTIONS

Immediately after each collection, the collection is consolidated into one bag in the presence of AT LEAST two unrelated parishioners. The persons serving in this capacity should be periodically changed. These parishioners should place the collection into locked safekeeping. During the period from the time of collection to the actual count, collections should be safeguarded via the use of locked deposit bags, strong boxes, and/or a safe maintained in the church for temporary storage during Mass and in the rectory for storage after Mass.

COUNTING OF COLLECTIONS

Collections should be counted by the pastor or no less than two unrelated parishioners.

Weekly collections should be counted as soon as is pastorally feasible.

Endorse for deposit only to the parish account all checks received by the parish immediately upon receipt to prevent the unauthorized cashing of such checks.

The counting of collections should be documented using a tally sheet (**see Exhibit 1**). A separate tally sheet should be prepared for each individual collection (i.e. weekly collection, special collection, national collection, etc.)

A verification of the count should be performed by the parishioners responsible for the count. The tally sheet should be signed by both parishioners.

The parishioners responsible for counting the collections should prepare the summary book deposit form (see Exhibit 2) and deposit slip(s), in duplicate, immediately after the count is completed. The original deposit slip goes to the bank with deposit and a copy to the bookkeeper for recording deposit.

After counting, the collection should be kept in a locked bank bag for deposit. The deposit form, tally sheet(s), and deposit slip(s) are attached together and given to the pastor to be forwarded to the parish's bookkeeper.

Complete parishioner contribution records promptly. Amount of offering should be indicated on outside of envelope during counting to facilitate updating of contribution records. Loose checks should be listed for subsequent posting to parishioner's statements.

DEPOSITS

All cash and checks collected should be included for deposit. **Under no circumstances should funds be disbursed directly from the collections.** The depositing of collections and miscellaneous receipts should be made as follows:

Offertory Collections

weekday collection - immediately after mass; no later than next morning

weekend collection - immediately after last mass on Sunday

Miscellaneous Receipts - immediately after receipt; no later than next morning

Important: Monies not immediately deposited should be adequately safeguarded. The use of a safe or locked file cabinet is strongly suggested.

Each individual deposit should be supported by a deposit form (see Exhibit 2) and validated deposit slip.

Either the pastor or two unrelated individuals should be responsible for depositing all cash receipts, particularly for parishes making "night" deposits on Saturday, Sundays or after weekday banking hours.

The actual time of depositing weekend collections at a bank should be varied/changed periodically to avoid an observable routine.

Validated deposit slips should be retained and returned to the parish bookkeeper to support the recording of receipt activity in the parish's financial records.

RECORDING

All cash receipts activity must be recorded in the parish's cash receipts register in a timely manner, preferably upon receipt if not, at least weekly, to ensure the accuracy of financial data.

Prior to recording cash receipts, the parish bookkeeper should agree totals from the validated bank deposit slips to the totals of the tally sheet(s) (**Exhibit 1**). If the deposit slip has not been returned from the bank prior to recording- record deposit from the deposit form then verify when the deposit slip has been received. Staple deposit receipt to the deposit form.

PARISHIONERS' STATEMENTS

A record of each parishioner's contribution should be kept by someone not having responsibility for counting collections or handling mail receipts.

Statements should be pre-printed with the following confirmation request: "This statement is for your records. Please examine it carefully. If it does not agree with your records, please communicate directly to the Pastor." These statements should be mailed at least annually to parishioners.

The total of the weekly posting to the parishioners' accounts should agree to the totals on the weekly tally sheets.

MASS STIPENDS AND RELATED OFFERINGS

Mass stipends, memorials, and related offerings should be deposited directly to the parish's bank account using the deposit form.

Priests should be paid stipends by check to facilitate the required W-2 reporting.

NATIONAL AND DIOCESAN COLLECTIONS

National and Diocesan collections should be remitted to the appropriate office promptly. The amount remitted should equal the amount reflected on the supporting tally sheet. At the end of every month all collections collected in that month should be remitted. **See Exhibit 3** regarding the schedule of collections and remittance addresses.

CASH DISBURSEMENTS

This section provides guidelines to improve the accountability and safeguarding of the parish's cash disbursement activity.

The check signing authority rests only with the pastor.

All disbursements should be approved by the pastor; and the pastor (or a designated member of the finance council) should periodically review the distribution of expenses to account classifications.

The use of a rubber signature stamp is not encouraged. If, however, a rubber signature stamp is used, the stamp should remain in the pastor's custody at all times. The use of a signature stamp, if other than by the pastor, should be restricted to a designated individual and its use monitored. All stamped checks should be reviewed by the pastor prior to release.

Blank checks should never be pre-signed.

All parish disbursements should be made by check except if from petty cash. Under no circumstances should disbursements be made from undeposited funds.

All check disbursements should be made out to a specific party. No check should be made out to "Cash".

Cash disbursement activity should be recorded in the parish's financial records at least weekly, preferably as soon as the disbursement is made. The disbursement should be recorded to the account classification assigned prior to payment (see Accounts Payable section).

All disbursements must be supported by appropriate documentation - invoices and receipts. Refer to Accounts Payable section for further discussion.

PETTY CASH FUND

A petty cash fund should be maintained. It should never exceed \$100.

Petty cash disbursements should not individually exceed \$25; larger disbursements should be made by check.

Petty cash disbursements should be supported by a purchase receipt or petty cash voucher, both initialed by the custodian of the petty cash fund.

Access to the petty cash fund should be restricted to no more than two individuals at any one time, the pastor and the custodian of the petty cash fund.

Replenishment of the petty cash fund should be done on an as needed basis, at least monthly, and only for that amount which has been spent. At no time should the total of receipts and cash in the petty cash exceed \$100.

Replenishment of the petty cash fund should be done by check in the name of the fund's custodian.

PAYING BILLS

The control and monitoring of parish obligations is critical to ensuring that complete and proper recognition is given to all of the expenditures of the parish in the annual report. This section provides guidelines to improve the accounting for parish obligations.

All vendor bills should be reviewed and approved by the pastor; approval should be documented by the pastor's initials and the date of approval.

The parish bookkeeper should assign an account classification to be written on the vendor bill prior to payment (See the Diocesan Chart of Accounts section).

Delivery of goods or services should be verified before authorizing payment.

All unpaid bills, without exception, should be filed separately, by due date. Disputed bills should be filed separately and resolved timely.

At the end of each month, a listing of the parish's unpaid obligations should be prepared for review at the next finance council meeting.

The amount of outstanding obligations of the parish should be reflected on interim and year end financial reports to properly present the parish's financial position and operating results. The timing of payment of vendor bills should be directed by the pastor based on the terms of payment and availability of funds.

Paid bills should be appropriately marked "PAID" with a check date and check number or attach a duplicate copy of check.

Paid bills should be filed separately in alphabetical order by vendor within a fiscal year.

Take advantage, when feasible, of purchase discounts.

FINANCIAL REPORTING AND BUDGETING

This section provides guidelines to improve the financial reporting and budgeting process of the parish.

FINANCIAL RECORDKEEPING

Each parish must use the diocesan chart of accounts.

Manual journals of original entry should include: (1) general journal or account summary journal; (2) cash receipts journal; and (3) cash disbursements journal. Computerized records may be maintained using the Quicken program recommended and supported by the diocesan finance office.

Ideally the parish's bookkeeping responsibilities should be performed by a person with a proven ability to maintain financial records. The pastor's primary responsibility should be to review and approve financial activity.

Computerized financial reports should be generated, at least quarterly, for review by the pastor and the finance council.

The totals from the manual cash receipts and cash disbursements journals should be posted to the general ledger on a monthly basis.

Accounting records and source documentation are to be kept on the parish premises at all times. In addition, the bookkeeping function is to be performed at the Parish. All records are the property of the parish, which is an integral part of the legal entity of the Corporation Sole.

REPORTING

The annual report should conform to the format established by the Diocese's fiscal office. Blank forms are sent to each parish at the end of each fiscal year. These are to be prepared and returned to the office with a copy of the budget for the new fiscal year by the date specified in the report. Assistance in completing these forms is available from the personnel of the Diocese's Office for Finances.

COMPUTERIZATION

Quicken software is the recommended accounting package. This program can be installed and supported by the personnel of the Diocese's Office for Finances, namely Carol Adams or Jerome Jussaume.

BUDGETING

The pastor, with the advice and assistance of the Parish Finance Council, should prepare a financial budget prior to the beginning of each fiscal year.

A line item budget should be prepared for each account (category) /sub account of the parish detailing specific sources of revenue and uses for expenditures.

The budget preparation process should focus on three areas: revenues, operating expenditures, and capital expenditures.

The personnel of the Office of Finances are available for assistance in preparing a budget if needed.

The approved budget should not be changed unless there is a significant reason.

Each quarter a report should be prepared comparing budgeted amounts to actual amounts, particularly for revenues and operating expenditures. Any unexpected and/or significant fluctuations should be reviewed and resolved.

Revenue and expense detail would be more meaningful if it was presented with comparative budget figures.

PERSONNEL AND BENEFITS

Parishes are encouraged to prepare written descriptions of job responsibilities and lines of authority to assure clear understanding of authority and responsibilities in various positions.

Parishes are expected to use reasonable care in selecting individuals for employment in various positions within the parish, in checking references and qualifications, and in monitoring and evaluating job performance.

LAY EMPLOYEES

A file should be maintained on each employee which will contain all pertinent information pertaining to that employee.

Each employee must fill out the following:

Federal Withholding Exemption Form W-4. Within fourteen (14) days of the employee's effective date of hire or reinstatement you must submit a copy of the W-4 to the Department of Revenue, P.O. Box 7032, Boston, MA 02204 or fax it @ 1-617-887-5049.

State Tax Withholding Exemption Form M-4.

Employment eligibility Verification Form I-9.
(Reference: Exhibits 4-6)

The pastor must discuss the benefits available to the employee upon hiring. Should the employee decline any benefits, the individual must sign a waiver of benefits which is to be kept on file.

Lay employees must be paid at least minimum wage.

Hourly workers are entitled to a fifteen (15) minute break for every four (4) hours worked.

Overtime pay is mandatory over forty (40) hours.

CLERGY/RELIGIOUS COMPENSATION

Compensation paid to priests is based on the Priests' Salary Scale issued annually. Priests are paid monthly on the last day of the month. If the priest is transferred, the priest is paid by the place of his assignment on the last day of the month.

Religious are paid a market value salary which means they are entitled to the salary and benefits of their position. The value of the position is determined by the pastor or department administrator. The Religious are paid monthly. The check is paid to the Order or Community and not subject to employee taxes.

BENEFITS

All full-time individuals who are considered employees of the parish should receive the available parish benefits to which they are entitled. Full-time is considered to be 25 hours and over per week.

Mandatory Benefits

Health Insurance – Full-time employees are entitled to health insurance. The employer and employee cost split is the decision of the parish.

Parish Employee Pension Plan - Eligibility requirements: An employee must be under 65, worked more than 1000 hours in the calendar year and receive more than \$5,000 in compensation. If an employee works at more than one parish the hours and salary from the parishes are combined for determination of eligibility.

Employment Transition Plan - Each full or part-time permanent employee is eligible to participate in the employment transition program, which provides a specified income for a defined period of time if the employer terminates the employment for other than cause.

PAYROLL REPORTING GUIDELINES

The proper recording and maintenance of payroll records is not only essential in determining the results of parish operations but also for federal and state tax purposes. The Internal Revenue Service (IRS) and state authorities require that records be maintained that reflect the remuneration paid to each employee performing service for the parish. They also require numerous reports relating to payroll that must be prepared and submitted in accordance with specified due dates.

This section is intended to supplement the various forms and instructions provided by the taxing authorities and to show how the required information can be obtained from this system. The information required for filing tax returns can be readily compiled through the use of individual earnings records.

Any payroll system, whether internally prepared or processed by an outside payroll service, should provide, at a minimum:

- current period earnings, by employee
- quarterly and annual earnings, by employee

- current, quarterly, and annual totals for taxes withheld from all employees

- distribution of these expenditures to the appropriate accounts/cost centers.

The payment of wages in the form of cash is expressly **prohibited**. All wages/compensation will be paid by check only. All compensation paid to employees or contractors (see below) must be recorded in the financial records of the parish and must be reported via the proper government filing (i.e. Form W-2 or Form 1099). The Federal and State governments impose serious financial penalties for failure to comply with the guidelines stipulated in this section.

PAYROLL TAXABILITY

An employee is defined as "anyone who performs services subject to the will and control of the employer both as to what shall be done and how it shall be done" and receives remuneration for such services.

All staff: Priests, deacons, seminarians and lay people are to be considered employees and must receive W-2s at the end of the calendar year.

Deacons, seminarians and lay people are subject to withholding. Priests have the option of withholding or may choose to file their federal and state taxes quarterly through estimated taxes.

For social security purposes priests have a dual tax status. They are considered both employee and employer for the purpose of FICA and Medicare taxes. Therefore they are responsible for payment of the employer and employees' taxes. This tax may not be withheld specifically but the priest can request additional federal taxes be withheld. This amount would be equal to his expected social security obligation.

Generally, individuals who are not "subject to the will and control of the employer both as to what shall be done and how it shall be done" and receive remuneration for such services will be considered independent contractors. Compensation paid to an independent contractor is reported on Form 1099 explained later in this section.

Every independent contractor must supply the parish with their federal identification number (a social security number for an individual). If such identification is not received, the parish is required to withhold and remit taxes.

Independent contractors are not eligible for Diocesan benefits.

The remaining portion of this section addresses the various federal and state reporting and payment requirements applicable to each parish.

FEDERAL PAYROLL REQUIREMENTS

Federal Income Tax Withholdings:

All employers having employees subject to federal income tax withholding (or FICA withholding) must have an employer's federal identification number. Application is made on Federal Form SS-4.

An employer is obligated to withhold and remit federal income tax whenever wages are paid.

An employer must ask each employee to file form W-4, Employees' Withholding Allowance Certificate indicating marital status and number of exemption allowances.

Wage-bracket withholding tables are available in Circular E issued by the IRS.

The task of transmitting withheld taxes to the government is accomplished in essentially two ways. The tax may be either deposited periodically with an authorized depository, usually your local bank or sent directly to the IRS if the liability is less than \$500 for the quarter.

Every employer required to withhold federal income tax must make payment to the government either semi-weekly, monthly, or quarterly depending upon the amount of taxes withheld during a monthly period.

Quarterly - Employers who withhold less than \$1,000 in a quarter must remit any tax withheld directly to the IRS with the quarterly filing (**Form 941 Exhibit 4**).

Monthly - Employers who reported \$50,000 or less of taxes in their lookback period are monthly schedule depositors.

Semi-weekly - Employers who reported more than \$50,000 in their lookback period are semi-weekly scheduled depositors.

The lookback period is your deposit schedule for a calendar year as determined from the total taxes reported on Form 941 in a four quarter lookback period of July 1, to June 30. See Circular E for more details.

In general, parishes fall under the monthly depositors' schedule.

Every employer liable for Federal income tax must make a quarterly return with the IRS on Form 941 due by the last day of the month following the quarter.

Social Security and Medicare (FICA) Tax:

The Federal Insurance Contributions Act (FICA) and Medicare imposes a tax on both on the employer and employee. Priests are the exception. Priests are personally responsible for both the employer and employee portion of the FICA tax.

The employer's duties for the FICA and Medicare tax are twofold. First, the employer must withhold the employee portion from each payment of wages based on a flat percentage of taxable wages (see below). Second, the employer must pay the employer portion of the tax, the amount of which is the same as the amount withheld from employee wages.

The FICA and Medicare rate in effect for any given year can be obtained from Circular E, a federal publication issued to employers annually (<http://www.irs.gov/pub/irs-pdf/p15.pdf>).

The guidelines for remitting the FICA Medicare tax to the IRS are the same as those used for federal income tax withholding described above.

Every employer liable for the FICA Medicare tax must make a quarterly return with the IRS on Form 941 due by the last day of the month following the quarter.

STATE OF MASSACHUSETTS PAYROLL REQUIREMENTS

State Income Tax Withholding:

Each employee must complete a form M-4, Massachusetts Employee's Withholding Exemption Certificate. If an M-4 is not completed use the same number of exemptions as the federal W-4.

Massachusetts requires employers to withhold state income taxes from employees who reside or are employed in Massachusetts. These taxes must be remitted on time with the appropriate form.

The amount of tax withheld is based on the employee's taxable wages, the number of exemptions claimed and any additional withholding amounts requested on the M-4. To calculate the tax refer to the Circular M withholding tables.

Requirements for filing and paying withheld taxes vary based on the following criteria:

Annually - If the annual projected withholding tax collected is \$100 or less.

Quarterly - If the projected annual withholding tax collected is \$100 up to \$1200 the tax is due on or before the last day of the month following the close of the calendar quarter. For example, if the quarter is January, February and March then the tax is due on or before April 30th.

Monthly - If the projected annual withholding tax collected is \$1,201 up to \$25,000 then the tax is due on or before the 15th day of the following month except for March, June, September and December when it is due on the last day of the following month.

Generally, the Department of Revenue will notify you as to your filing requirements and you will receive a payment booklet. Most parishes are quarterly.

Massachusetts wage report WR-1 is due on or before the 15th day of the month following the end of each calendar quarter.

Example: The quarterly period is January, February and March then the report is due on April 15th. Withholding tax returns that are not filed on or before the due date are subject to interest and penalty charges.

FEDERAL AND STATE PAYROLL TAX RECORDS RETENTION

The IRS requires the parish, as an employer, to maintain, for at least seven (7) years, the following payroll records:

The name, address, and Social Security number of each current and former employee.

The period of employment.

The total amount and date of each payment of remuneration and the period of service covered by the payment.

The amount of tax collected with respect to each payment and the date collected.

The withholding exemption certificates (i.e. Form W-4 or W-4E) filed by each employee with the parish.

Copies of form W-4 must be submitted to the Massachusetts Department of Revenue by fax to 617-887-5049 or mailed to the Department of Revenue, P.O. Box 7032, Boston, MA 02204 within the first 14 days of the first day on the job or personnel returning to the payroll.

The total amount paid to the employee during the calendar year.

Copies of the payroll tax returns filed with the federal and state authorities, as well as the dates and amounts of the deposits made with the tax depositories.

FORM W-2

Upon hiring and subsequently each year, an employer must furnish a W-2 form to each employee from whose wages federal and state income tax has been withheld. The statements, which also are used to report the amount of FICA and Medicare tax withheld, must be furnished to the employee by January 31st of the year following the year to which the form relates. If an employee is terminated before the end of the year, the employer is still obligated to furnish the employee with a W-2 form.

Housing allowance for priests must be reported on form W-2.

Copies of the Form W-2 must be submitted to the Social Security Administration with a transmittal form (Form W-3) by February 28th of the year following the year to which the form relates. The transmittal form summarizes total wages, taxable FICA wages, federal income tax withholdings, and FICA withholding of all Form W-2's transmitted.

FORM 1099

Every parish that makes payments of \$600 or more to independent contractors must file information returns on IRS Form 1099 for the payments made. Specifically, a 1099 is required when compensation of \$600 or more is paid to all independent contractors (except individuals who receive a W-2 form)

Generally, you need not file a 1099 for payments for services, rents, etc., made to a corporation. If you are uncertain if a company is incorporated; they are generally distinguished by a tax number which begins with 04-.

If you employ an independent contractor, the best approach is to request their Tax ID number before paying them. If you are unable to obtain a Tax ID number, you are required to withhold 20% of the amount earned for federal taxes. For many independent contractors their Tax ID number is their social security number.

You are liable for penalties if you fail to file 1099's, if your filing is incomplete or late.

The federal copy of 1099's are required to be filed with the IRS by February 28th and the recipient's copy is required to be given to the recipient by January 31st.

FORM I-9

Federal law requires employers to verify the employment eligibility within the United States of all new employees hired after November 6, 1986. In fulfilling this requirement, all employees hired after this date are required to complete Form I-9, Employment Eligibility Verification. This form is to be certified by the employer and retained by the employer for three years after hiring or one year after termination, whichever is later. Refer to Exhibit 4 for copy of Form I - 9.

The filing of this form requires one or two proofs of identity, depending on type of identification. Refer to form for specific requirements. Diocesan policy requires that copies of the proof(s) of identity be attached to the Form I-9.

REQUIREMENTS FOR CAPITAL PROJECTS

CAPITAL PROJECTS

Any parish undertaking a capital project (e.g. purchase, construction of a building or major renovations) must fulfill the following requirements:

1. For any large project, the first step is contact the residential Bishop for an appointment to discuss the idea of the project.
2. All projects in excess of \$10,000 must be approved by the Diocesan Building Commission. The Pastor would need to contact the Chancellor to set up an appointment.

The Diocesan building Commission meets on the first Tuesday of every month. Their purpose is to review projects and make recommendations. Based on their personal knowledge and experiences, the Commission may offer suggestions for the pastor's consideration. Final approval for the project will be given only by the Bishop with recommendations from the Diocesan Building Commission.

3. For any liturgical changes, that are those changes involving the worship space, the director of the Office for Worship should be contacted to be certain that the changes comply with all liturgical regulations.
4. If the funding plan for a capital project includes borrowing from the Diocesan Expansion Fund then DEF will require the parish to have a minimum of 50% of the funds on hand and 50% in solid pledges unless the project is an emergency. If the project is an emergency then the above requirement is not necessary. The Diocesan Building Commission will verify that the project is an emergency.
5. All contracts must be signed by the Bishop. If there is any question about a contract, contact the office of the Chancellor.
6. Before any work is undertaken a certificate of liability insurance in the amount of one million dollars and a performance bond must be obtained from the contractor. Copies are to be send to the Chancellor.

BUYING OR SELLING PARISH PROPERTY

No parish property is to be purchased or sold without the consent of the Bishop. A pastor seeking to buy or sell land, should immediately contact the Chancellor to discuss the plans of the parish and to determine what process will be followed in the purchase or sale of the property. The Chancellor will meet with the Bishop for the Bishop's approval of the purchase or sale and the process to be followed.

All Purchase and Sale agreements must be reviewed by the diocesan lawyer and signed by the Bishop.

SPECIAL FUNDRAISING EVENTS

Special fundraising events will be defined as bingos, annual festivals or bazaars, and other such projects. Many parishes rely on special fundraising events to supplement the weekly offertory as a source of revenue. These events can generate a significant amount of additional funds needed by the parish to meet their financial needs. As such, it is important that each parish take special care to ensure the adequate safeguarding, and reporting of these funds. This section provides specific guidelines to assist in accounting for the financial activity of these events.

Certain fundraising events may require prior approval or licensing with a state or local agency (e.g. bingo/games of chance). In addition, certain events may require the submission of activity reports with state and/or local agencies. The parish should consult with state and local licensing agencies before holding such events.

The financial activity for "special events" should be monitored separately. Receipt and disbursement activity has its own designated account codes when recorded in the cash receipt and disbursement registers.

Each event should be coordinated by an appointed committee of reputable and practicing members of the parish. The pastor may or may not be a member of the committee, but should monitor its activities.

All monies collected from the event should be deposited to the parish bank accounts. Unless special permission is obtained or required by law (i.e. bingo), a separate bank account for the event should not be opened. Under no circumstances should monies be taken before deposited to pay event-related obligations.

Deposits should be documented via the use of the parish deposit form. Refer to Cash Receipts section of this manual.

Where a separate bank account is required and used (i.e. bingo), net proceeds from the fund raising event should be transferred to the parish's main account as soon as practically possible.

All disbursements relating to the event should be made through the parish checking account; disbursements in cash is should be prohibited.

Control over cash disbursements relating to the event should conform to those identified in the Cash Disbursements section of this manual.

A report of the financial results of the special event (i.e. revenues less expenditures equals net proceeds) should be prepared in a timely manner after the event and its financial activity has been completed.

GENERAL PRACTICES

Listed below are miscellaneous accepted business practices and sound management controls not listed elsewhere in this manual that should be employed in conducting the financial affairs of the parish.

CONTRIBUTION/DONATION RECEIVED

Individual contributions over \$250 must be acknowledged with a receipt to the donor. This thank you must state that no services were rendered. **(Exhibit 5)**

INDEBTEDNESS

Under no circumstances should a parish obtain indebtedness (including lease financing) from an outside party (i.e. banking institution, private loans). Borrowing is permitted from the Diocesan Expansion Fund only.

RECORD RETENTION

Computers should be backed up daily or at a minimum weekly. Back up disks and financial records should be physically protected against risk of destruction (i.e. fire and/ or water damage) by utilizing fireproof cabinets, strong boxes, safes, etc.

RECORD RETENTION SCHEDULE **(Exhibit 6)**

PARISH AUDIT REVIEWS

Audit reviews are performed on each parish as a new pastor is appointed by an outside CPA firm chosen at the diocesan level. In addition, internal audits by the diocesan fiscal affairs office may be performed at the request of the parish or as determined by the Bishop. It may also be done at the request of the parish.

DIOCESAN BILLING

There are three types of invoices sent out by the diocese to the parishes.

1. Chancery Account Invoices - Parish account numbers begins with the number one (1).
Checks for these invoices should be made payable to R. C. Bishop of Worcester.
2. Priest Retirement Fund - Parish account numbers begin with the number eight (8).
Checks for these invoices should be made payable to the Priest Retirement Fund.
3. Custodial Care Fund - Parish account numbers begin with the number nine (9).
Checks should be made payable to the Custodial Care Fund.

All invoices are due upon receipt.

Chancery Account Invoices (white)

Monthly Invoices:

Health insurance invoices are for the current month's premium. Adjustments are made as needed.

Parish Budget Bill invoices are a method for the parishes to pay their bills to the Chancery in manageable monthly installments throughout the year.

DIOCESAN EXPANSION FUND

The Diocesan Expansion Fund (DEF) is a creative, solid financial mechanism, established to assist The Roman Catholic Diocese of Worcester, Corporation Sole in its financial management. It is a cost-effective and cost-efficient system which serves the Diocese and its affiliates well.

The DEF is the depository for all parish, cemetery and other affiliate savings. It enables the Diocese and its affiliates to earn interest on their savings and at the same time offer mutual financial assistance and pastoral concern in their common mission of witnessing to Jesus and proclaiming the message.

The DEF is available as a resource for loans to purchase, construct or renovate parish, cemetery, and other affiliates property within the administrative structure of the Diocese. In exceptional situations loans may be granted with stringent terms to alleviate dire and unforeseen financial conditions. All lending is done according to internal policies and procedures developed by the DEF Board of Governors and approved and published by the Residential Bishop.

BOARD OF GOVERNORS

The DEF is managed as a separate, integrated fiscal operation by a Board of Governors, appointed by the Residential Bishop. The Board of Governors is comprised of not less than seven nor more than nine members. It functions as an advisory panel to the Residential Bishop.

The DEF is mandated to follow generally accepted banking practices to insure its financial security and to protect the assets of its depositors. It, also, is guided by compassion and consideration for parish, cemetery and other affiliates needs in keeping with the overall mission and philosophy of the Church. The Board of Governors also offers technical assistance to parishes burdened with significant financial problems.

The members of the Board of Governors are committed to confidentiality in its discussions and in the information shared with them.

I. BYLAWS AND PROCEDURES OF THE DIOCESAN EXPANSION FUND BOARD

A. MEMBERS

The DEF consists of three ex-officio members plus not less than seven nor more than nine appointed members, of whom a minimum of four will be members of the Presbyterate of the Diocese. The Members are appointed by the Residential Bishop

1. Each member is appointed to a Three Year Term.
2. Each member may serve tree successive terms.
3. A former member may return to the Board after a minimum of one year.
4. If a vacancy occurs, the new appointee serves the remainder of the term and may be reappointed for two successive full terms.

B. "EX-OFFICO" MEMBERS

1. Residential Bishop
2. Chancellor
3. Director of the Office of Fiscal Affairs

C. OFFICERS

1. The Chairperson is appointed by the Residential Bishop from among appointed Board Members for term of one year, not to preclude successive terms.
2. The Vice-Chairperson is elected by the voting members of the Board from its appointed members and holds this position for a term of one year, not to preclude successive terms.
3. The Secretary is the Director of the Office of Fiscal Affairs or a person designated by the Director of the Office of Fiscal Affairs.

D. RESPONSIBILITIES

1. Members

- a. The Members receive requests for loans and make recommendations to the Residential Bishop for his independent action.
- b. The Members develop recommendations for action by the Residential Bishop.
- c. The Members advise the Residential Bishop concerning the investment policy governing the assets of the DEF.
- d. The Members shall monitor the fund balance, the payment of loans, and the financial management of the assets of the DEF.
- e. The Members shall be consulted on the auditing firm who shall prepare an annual report of the DEF for submission to the Residential Bishop.

2. Officers

a. Chairperson

The Chairperson will chair the meetings of the Board

The Chairperson will prepare the agenda of the meetings in collaboration with the Chancellor.

The Chairperson will appoint or delegate other members to carry out tasks necessary for the effective functioning of the DEF.

b. Vice-Chairperson

The Vice-Chairperson will fulfill the responsibilities of the Chairperson in the absence of the Chairperson and by delegation of the Chairperson.

c. Secretary

The Secretary will prepare the minutes of the meetings and send them to the members of the Board of Governors.

The Secretary sends the notice and the written agenda for meetings to the members.

The Secretary maintains a record of the policies, practices and operating procedures, as well as the minutes of the meeting.

The Secretary provides the members with a current Balance Sheet and an Income Statement prepared by the Office for Fiscal Affairs.

E. MEETINGS

1. The Board will meet ordinarily at 4:00 p.m. on the first Wednesday of each month, September through June in the Chancery Office, 49 Elm Street, Worcester.
2. Additional meetings of the Board will be scheduled to accommodate to the number of requests for loans or a special need as determined by the chairperson or the Chancellor.
3. A quorum will consist of a simple majority of the appointed members.
4. Consultation by telephone must be sought from the members on urgent matters. Any action of the chairperson on the matter, for which the consultation was made, must be reported and acted upon at the next scheduled meeting of the Board.

II. PROCEDURES

A. PROCESSING OF LOANS

1. Diocesan Expansion Fund Monies are available for loans to the Roman Catholic Bishop of Worcester, Corporation Sole, and its affiliates. It is expected that each affiliate requesting a loan will have all savings on deposit in the DEF.
2. A request for a loan is made to the Chancellor, stating the need for the loan and the parish's plan for repayment of the principal and interest.

3. The Chancellor presents the request to the Board for its action. The Board makes its recommendation to the Residential Bishop based upon the written request, discussions with parish representatives as needed, and a simple majority of the Members present and voting at any meeting.
4. Construction proposals requiring a loan from the DEF must be certified as financially feasible by the DEF must be certified as financially feasible by the DEF Board of Governors, prior to being placed on the agenda of the Diocesan Building Commission and approved by that body.
5. The Borrower must show that it has 50% in cash and an additional 50% in pledges toward the cost of any non-emergency capital projects.
6. The Diocesan Building Commission will certify in writing as to the emergency nature of any capital project and submit that certification to the DEF Chairperson.
7. The Board will make its recommendation known to the Residential Bishop for his independent action.
8. The Residential Bishop will notify the pastor of his decision, a copy of which will be sent to the Chairperson of the DEF Board for notification to the Members.
9. The decision of the Residential Bishop will not be final until the loan agreement is signed by the duly authorized parish representative, and consequently by the Residential Bishop. The agreement obligates the Borrower, which is the people of the parish or the Board of Directors of the affiliates, to the conditions of the loan.

B. DELEGATED AUTHORITY

1. The Board can recommend to the Residential Bishop that a loan be approved or denied. If the recommendation is for approval, the condition of the loan and its payment will be specified. If the recommendation is for denial, the reason for the denial will be stated.
2. The Board can recommend that the interest payments of a loan be reduced or waived. Any such recommendation must be prompted by unusual, particular circumstances specified in writing to the Residential Bishop for his action.

A reduction in the payment of interest means that an interest rate lower than the current rate will be charged for a defined period of time.

A waiver in the payment of interest means that the borrower will not be responsible for the payment of the interest charges for a specified period of time, written into the agreement with the borrower.

3. Any reduction in revenue into the DEF by granting of a reduction or waiver of interest payments will be considered Parish Subsidy and will be assumed by the DEF.

III. ADMINISTRATION

The administration of the DEF will be carried out by the Office of Fiscal Affairs, which will be compensated for its services based upon an annual fee, recommended by the Chairperson of the DEF and the Director of the Office of Fiscal Affairs and approved by the Residential Bishop. Those services include the investment of funds, accounts payable and receivable, billing, monthly and annual reporting.

Revised June 27, 1991

file : a\DEFGuidelines

INSURANCE OUTLINE

- ◆ Property-Insuring assets for direct physical loss
- ◆ Building and contents
 - Builders Risk
 - Builders Risk Theft
 - Computers
 - Mobile Equipment
 - Demolition
 - Ordinance deficiency
 - Earthquake and flood
- ◆ Machinery breakdown

- ◆ Liability-Insuring assets against claims by others for possible injury to them or their property by us
- ◆ Bodily injury, property damage, personal injury, advertising injury, corporal punishment
- ◆ Fire legal liability
- ◆ Medical payments
- ◆ Cemetery errors and omissions
- ◆ Counseling errors and omissions
- ◆ Sexual misconduct
- ◆ Employee benefits errors and omissions
- ◆ Wrongful termination
- ◆ Incidental malpractice
- ◆ Excess auto liability
- ◆ Non-owned auto liability
- ◆ Priests and religious
- ◆ Directors and officers

- ◆ Crime-Insuring financial assets against loss from specific causes
- ◆ Employee dishonesty
- ◆ Theft
- ◆ Forgery

- ◆ Workers Compensation-Insuring the costs for medical treatment and loss wages for employees injured during the course of their employment

- ◆ Automobile coverage
- ◆ Physical damage
- ◆ Liability

INSURANCE

General

The Diocese of Worcester, as most U.S. dioceses, has a centrally administered program to provide insurance coverage for its parishes with their schools and cemeteries, as well as its central departments and central schools. The Diocese can effectively either purchase insurance or assume some risk, depending on the level of exposure. The use of insurance to transfer some or all of the risk of loss is a common practice. The Diocese is spread over a large geographic area, has many buildings, performs many services, and employs many people. These factors are both an aid and a challenge to a risk management program. Most managers can understand that the vast area of operation reduces the probability of a single catastrophe, while that same vastness allows for diverse approaches to identifying and managing similar risks. For these reasons the Bishop has directed the Office of Fiscal Affairs to manage a uniform risk management program for the diocese's exposure to loss in the areas of property, liability, crime, workers compensation, and motor vehicles.

Property

Diocesan properties are covered against direct physical loss from virtually all risks. The risks that are commonly envisioned include fire, windstorm, lightning, malicious mischief, and vandalism. Coverage is included for exceptional risks such as earthquake and flood. Additionally, coverage for areas that are not customarily found in conventional insurance programs, such as builder's risk and ordinance deficiency, is part of the diocesan plan. Machinery breakdown (formerly known as boiler and machinery) covers accidents involving the electrical, mechanical, air conditioning, refrigeration, computer, and boiler equipment. The buildings and contents are covered for full replacement cost as a standard for the Diocese. Exceptions to the standard are sometimes permitted at the request of a parish for buildings that would not be replaced with a similar structure in the event of a loss. The pastor in writing must make requests for exceptions to the Director of the Office of Fiscal Affairs.

Liability

Parishes, their employees, and volunteers, while performing in the work of the Church, are protected against claims by others for injury to themselves or their property. The program extends beyond the general liability coverage generally found in most policies. The extensions include risks, such as the functions of priests and religious in their vocational roles that are found specifically in church operations.

Crime

Losses of money or securities at the parish level attributable to employee dishonesty, theft, or forgery are part of this program.

Workers Compensation

Employees of parishes are covered for the cost of medical treatment and loss of earnings for injuries incurred when working in parish employment by a self-insurance program established by the Bishop in 1993. Under a license from the Massachusetts Commissioner of Insurance, the Bishop has a program with a separate trust account into which premiums are deposited and program costs are paid.

Claims

Claims must be reported in a timely manner before any loss adjustment can occur. The quickest response can be made after an initial telephone report to the office of Fiscal Affairs. Later written reports can supplement the information provided in the telephone report. Each type of claim has its own report form. The Office of Fiscal Affairs controls the claims adjustment process. The office can not provide subsequent assistance if it does not have report of the claim. The assignments of an adjuster to the claim and the adjuster's contact with the responsible individual to the parish are the first steps in determining if a compensable loss has occurred in the settlement of any claims. Personnel at the parish should not make any judgment on the validity of any incident or accident as a reportable claim. The claim professional make those decisions. When there is any incident, please report the matter. However, the mere act of making a report does not give the parish license to offer settlement or to make repairs.

Deductibles

Parishes have a \$500 deductible for each loss involving property, liability, or crime coverage. The deductible will reduce the amount the claim payment to the parish for each property or crime loss. In the case of liability loss where the payments are made to a third party, the office of Fiscal Affairs will bill the parish for the deductible.

Exclusions

Exclusions are part of every insurance program and policy. Although the Diocese has all risk property insurance program, some areas, such a pollution damages, are excluded from the coverage. In the event that a claim is denied because it was part of the policy exclusion, the parish will be given prompt notice and an explanation of the exclusion.

ROMAN CATHOLIC DIOCESE OF WORCESTER

UNIFORM SYSTEM OF ACCOUNTS

DESCRIPTION OF ACCOUNTS

CONTROL ACCOUNT NUMBER 4000

PARISH COLLECTIONS

- | | |
|--------------------|--|
| <u>4001</u> | <u>Sunday Ordinary Collections</u>
The ordinary collection, both envelope and cash, taken up at the weekend parish Masses. |
| <u>4002</u> | <u>Easter Sunday Collection</u>
The special collection taken up at all Masses on Easter Sunday and the Vigil. |
| <u>4003</u> | <u>Christmas Collection</u>
The special collection taken up at all Christmas Day Masses and the Vigil Masses. |
| <u>4004</u> | <u>Holy Day Collections</u>
The collection taken up at all Holy Day of Obligation Masses and the respective Vigils (regardless of the disposition of these funds). |
| <u>4005</u> | <u>Fuel and Maintenance Collections</u>
Monthly or similar collections for that purpose. |
| <u>4006</u> | <u>Debt Reduction Collections</u>
Monthly or similar collections for that purpose. |
| <u>4007</u> | <u>Other</u> |
| to | Monies raised for purposes not otherwise covered by the above. |
| <u>4499</u> | List each major category separately. |

Note: Receipts from parish collections consists of those functions which are unrelated to the operation of a parish school, parish religious education program (control account number 5500) and capital fund drives (control account number 4500).

CONTROL ACCOUNT NUMBER - 5000**OTHER PARISH INCOME**

- 5001 - Interest Income - Diocesan Expansion Fund
Interest received on DEF Accounts
- 5002 - Interest Income - Other
For example, interest on checking accounts is included here.
- 5003 - Unrestricted Gifts and Donations
Any gift or donation not restricted for a particular purpose.
- 5004 - Memorials
A restricted donation for memorial purpose - e.g. altar, vestments, etc, if expenditure is imminent.
- 5005 - Marriages/Baptisms/Funerals and Mass Stipends
Parish income for these specific sacramental occasions.
(Corresponding expense account No. 7120)
- 5006 - Candles/Shrines/Flowers
- 5007 - Pamphlets/Printed Material
Income derived from the sale of the above (not associated with the parish religious education program).
- 5008 - Rental Income
Income derived from the rental of parish property.
- 5009 - Beano/Bingo
The net income of same.
- 5010 - Room and Board
Stipends received for a resident priest.
- 5011 - Bulletin Income
Income derived from the sale of advertisements in the parish bulletin and refund or payment received from Bulletin company.
- 5012 - Catholic Free Press
Income derived from subscriptions
- 5013 - Insurance Settlements
Proceeds from insurance settlements unrelated to renovations of parish property. Use account number 4601 for major insurance proceeds related to parish property.
- 5014 - Income not otherwise covered by the above. List each major category
to separately.
5499

CONTROL ACCOUNT NUMBER 5500 RELIGIOUS EDUCATION INCOME

- 5501 - Religious Education Registration Fees
The total amount received from registrations.
- 5502 - Religious Education Collections
Monthly or similar collections for that purpose.
- 5503 - Textbook Sales
The total amount realized through the sale of textbooks.
- 5504 - Adult Education Revenue
Any revenue realized through adult education programs.
- 5505 - Gifts and Donations for Religious Education
Other income received in support of the program.
- 5506 - Elementary School Assessment Revenue
Amounts received from other parishes for students attending parochial grammar school.
- 5507 - Miscellaneous
Other miscellaneous Religious Education Income.
- 5508 - Other
Income not otherwise covered by the above. List each major
to
5999 category separately.

CONTROL ACCOUNT NUMBER 6000 - DIOCESAN AND OTHER COLLECTIONS

- 6001 - Latin American Collection
All income received at the parish level.
- 6002 - American Catholic Relief Overseas Aid
All income received at the parish level.
- 6003 - Bishop's Fund for Charity and Education
All income received at the parish level. This is a total figure,
and is not to be netted against local expenses for the drive.
- 6004 - Catholic Communication Campaign Collection
All income received at the parish level.
- 6005 - Peter's Pence Collection for the Holy Father
All income received at the parish level.
- 6006 - Collection for Catholic University and Higher Education
All income received at the parish level.
- 6007 - Propagation of the Faith Collections - Mission Sunday
All income received at the parish level.
- 6008 - Campaign for Human Development
- 6009 - Good Friday/Shrines of the Holy Land
All income received at the parish level.
- 6010 - Catholic School Appeal
All income received at the parish level.
- 6011 - Retirement fund for Religious
All income received at the parish level.
- 6012 - Mission Cooperative
All income received at the parish level.
- 6013 - Rice Bowl
All income received at the parish level.
- 6014 - St. Vincent de Paul
All income received at the parish level.
- 6015 - Other
to Not otherwise covered by the above. List each major category
6499 separately.

NOTE: The balances in these accounts should agree with the balances in the corresponding group of disbursement accounts - Diocesan and Other Collections Remitted, Control Account Number 7700.

Control Account Number 6500 = PARISH COMMITTEE INCOME

- 6501 - Family Life Committee
All income received at the Parish level.
- 6502 - Liturgy Committee
All income received at the Parish level.
- 6503 - Parish Council
All income received at the Parish level.
- 6504 - Youth Committee
All income received at the Parish level.
- 6505 - Ecumenism
All income received at the Parish level.
- 6506 - Human Services
All income received at the Parish level.
- 6507 - Fairs/Bazaars/Festivals
- 6508 - Other
to Not otherwise covered by the above. List each
6999 major category separately.

- 7101 Parish Priests**
The salary amount paid priests officially assigned by the Bishop to the parish.
- 7102 Other Priests**
Parish monies paid to any visiting priest, for whatever purpose, e.g., weekend help, vacation help, etc.
- 7103 Deacon, Pastoral Assistant, Seminarian Intern**
Parish monies paid to any deacon, pastoral assistant or seminarian intern assigned to the parish.
- 7104 Sexton/Ushers**
Stipend for Sexton/Ushers
- 7105 Organist**
Stipend for Parish Organist
- 7106 Choir**
Stipend paid for Parish Choir
- 7107 Custodian/Janitor**
Salary paid to custodian/janitor of church property. Use a reasonable estimate if other parish buildings are serviced by the same employees.
- 7111 Utilities**
Amounts paid for fuel, telephone, etc. Use a reasonable estimate if other parish buildings share the same utilities.
- 7112 Insurance**
Amounts paid for fire, boiler, liability, etc. Use a reasonable estimate if other parish buildings are under same insurance coverage.
- 7113 Altar Supplies**
Amounts paid for altar supplies
- 7114 Repairs and Maintenance (Including Snow Removal and Grounds)**
Amounts paid for repairs and maintenance of church including an allocation portion of snow removal and grounds expense. A reasonable allocation based upon the number of parish buildings is more than adequate.
- 7115 Automobile Expense**
Amounts paid those officially assigned by the Bishop to the parish for automobile allowances and expenses of parish vehicles.

Control Account Number 7100 (continued) - CHURCH EXPENSES

- 7116** **Priests' Benefits**
Priests Clergy Benefit Fund, Retirement Plan, Custodial Care and Retreat Study Program Amount paid for priests officially assigned by the Bishop to the Parish.
- 7117** **Professional Journals**
Amounts paid for professional journals.
- 7118** **Cathedraticum Assessment**
Payments of the annual diocesan tax on parish income.
- 7119** **Catholic Free Press Assessments**
Payments to the Catholic Free Press
- 7120** **Stipends Paid - Marriages/Funerals/Mass Stipends Paid**
Stipends paid for marriages, baptisms, funerals and masses for which income is recorded in account number 5005.
- 7121** **Miscellaneous**
Amounts paid for miscellaneous expenses of church
- 7122** **Other**
to Church expenses not otherwise covered by the above.
7198 List each major category separately.
- 7199** **Fringe Benefits**
An allocated portion of fringe benefits (included in control account number 7500) paid by the parish. All fringe benefits should first be recorded in the 7500 group of accounts and then allocated to other functional categories. It is not necessary to calculate the amount of fringe benefits paid for each employee. A reasonable allocation based upon the ratio of fringe benefits paid to the salaries of employees receiving fringe benefits is more than adequate.

Control Account Number 7200 - RECTORY EXPENSES

- 7207 Housekeepers**
Salary paid to housekeepers of rectory
- 7211 Utilities**
Amounts paid for fuel, telephone, etc.
- 7212 Insurance**
Amounts paid for fire, boiler, liability, etc. Use a reasonable estimate if other parish buildings are under same insurance coverage.
- 7213 Food and Household Supplies**
Amounts paid for such items
- 7214 Repairs and Maintenance (Including Snow Removal and Grounds)**
Amounts paid for repairs and maintenance of rectory, including an allocated portion of snow removal and grounds expense. A reasonable allocation based upon the number of buildings is more than adequate.
- 7215 Miscellaneous**
Amounts paid for miscellaneous expenses of rectory
-
- 7216 Other**
to Rectory expenses not otherwise covered by the above. List each
7298 major category separately.
- 7299 Fringe Benefits**
An allocated portion of fringe benefits (included in control account number 7500) paid by the parish. All fringe benefits should first be recorded in the 7500 group of accounts and then allocated to other functional categories. It is not necessary to calculate the amount of fringe benefits paid for each employee. A reasonable allocation based upon the ratio of fringe benefits paid to the salaries of employees receiving fringe benefits is more than adequate.

Control Account Number 7300 - PARISH HALL/YOUTH CENTER EXPENSES

- 7307** **Custodian/Janitor**
Salary paid to custodian/janitor of parish hall or youth center.
Use a reasonable estimate if other parish buildings are serviced by the same employees.
- 7311** **Utilities**
Amounts paid for fuel, telephone, etc. Use a reasonable estimate if other parish buildings share the same utilities.
- 7312** **Insurance**
Amounts paid for fire, boiler, liability, etc. Use a reasonable estimate if other parish buildings are under same insurance coverage.
- 7313** **Supplies**
- 7314** **Repairs and Maintenance (Including Snow Removal and Grounds)**
Amounts paid for repairs and maintenance of parish hall/youth center, including an allocated portion of snow removal and grounds expense a reasonable allocation based upon the number of parish buildings is more than adequate.
- 7315** **Miscellaneous**
Amounts paid for miscellaneous expenses of parish hall or youth center.
- 7316** **Other**
to Parish hall/youth center expenses not otherwise covered by the above.
- 7398** List each major category separately.
- 7399** **Fringe Benefits**
An allocated portion of fringe benefits (included in control account number 7500) paid by the Parish. All fringe benefits should first be recorded in the 7500 group of accounts and then allocated to other functional categories. It is not necessary to calculate the amount of fringe benefits paid for each employee. A reasonable allocation based upon the ratio of fringe benefits paid to the salaries of employees receiving fringe benefits is more than adequate.

Note: Parish hall/youth center may be a separate building or the space beneath the church, not generally used for religious education purposes. A reasonable allocation based upon square footage or the utilization of a building for more than one purpose is more than adequate.

Control Account Number 7400 - RELIGIOUS EDUCATION EXPENSES

- 7401 Religious Education Coordinator**
Amounts paid religious education coordinator
- 7402 Religious Education Teaching Staff**
Amounts paid religious education teaching staff
- 7403 Religious Education Secretary**
Amounts paid religious education secretarial staff
- 7407 Custodian/Janitor**
Salary paid to custodian/janitor of religious education center.
Use a reasonable estimate if other parish buildings are serviced by the same employees.
- 7411 Utilities**
Amounts paid for fuel, telephone, etc. Use a reasonable estimate if other parish buildings share the same utilities.
- 7412 Insurance**
Amounts paid for fire, boiler, liability, etc. Use a reasonable estimate if other parish buildings are under same insurance coverage.
- 7414 Repairs and Maintenance (Including Snow Removal and Grounds)**
Amounts paid for repairs and maintenance of religious education center, including an allocated portion of snow removal and grounds expense. A reasonable allocation based upon the number of parish buildings is more than adequate.
- 7415 Miscellaneous**
Amounts paid for miscellaneous expenses of religious education program.
- 7416 Workshops and Teacher Training**
Amounts paid to send religious education personnel to attend training courses.
- 7430 Textbooks and Other Instructional Materials**
Amounts paid for textbooks and other instructional materials.
- 7450 Central Catholic School Assessment**
Total amount paid to the Diocese on the assessments for students attending the Central Catholic School System.

Control Account Number 7400 RELIGIOUS EDUCATION EXPENSES..... continued

- 7451 Other School Assessment**
Assessments paid to other parishes for students attending parochial grammar schools
- 7452 Parish School Subsidy**
Amounts transferred to the parish school for its operations.
- 7453 Religious Education Subsidy**
Amounts transferred to subsidize the religious education program.
- 7454 Other**
to Religious education expenses not otherwise covered by the above.
7498 List each major category separately.
- 7499 Fringe Benefits**
An allocated portion of fringe benefits (included in control account number 7500) paid by the parish. All fringe benefits should first be recorded in the 7500 group of accounts and then allocated to other functional categories unless the C.C.D. program is operating with a separate checking account. If a separate checking account is being used, then account number 7499 should be debited for payments to the general checking account for reimbursement of fringe benefits. Deposits in the general checking account should be credited to account number 7598.

Control Account Number 7500 - FRINGE BENEFITS

- 7501 Social Security Taxes Withheld**
Amounts withheld from employees compensation
- 7502 Federal Income Taxes Withheld**
Amounts withheld from employees compensation
- 7503 State Income Taxes Withheld**
Amounts withheld from employees compensation
- 7506 Other Employee Withholdings**
to List each separately
7510
- 7511 Federal Payroll Taxes Paid**
Federal tax deposits for social security taxes - both employer's
and employees portion and federal income tax withholdings.
- 7512 State Payroll Taxes Paid**
Payments to Commonwealth of Massachusetts for
Massachusetts tax withholdings.
- 7513 Medical Insurance Paid**
Payments for Medical Insurance
- 7521 Workmen's Compensation Insurance Paid**
Payments for workmen's compensation insurance
- 7522 Unemployment Insurance**
Payments for unemployment insurance
- 7523 Other**
to Fringe benefits not otherwise covered by the above. List
7594 each major category separately.
- 7595 Fringe Benefits Allocated to Church**
An allocated portion of fringe benefits (included in control account number
7500) paid by the parish. All fringe benefits should first be recorded in
the 7500 group of accounts and then allocated to other functional
categories. It is not necessary to calculate the amount of fringe benefits
paid for each employee. A reasonable allocation based upon the ratio of
fringe benefits paid to the salaries of employees receiving fringe benefits
is more than adequate.

Control Account Number 7500 - FRINGE BENEFITS (continued)

7596 Fringe Benefits Allocated to Rectory

An allocated portion of fringe benefits (included in control account number 7500) paid by the parish. All fringe benefits should first be recorded in the 7500 group of accounts and then allocated to other functional categories. It is not necessary to calculate the amount of fringe benefits paid for each employee. A reasonable allocation based upon the ratio of fringe benefits paid to the salaries of employees receiving fringe benefits is more than adequate.

7597 Fringe Benefits Allocated to Parish Hall/Youth Center

An allocated portion of fringe benefits (included in control account number 7500) paid by the parish. All fringe benefits should first be recorded in the 7500 group of accounts and then allocated to other functional categories. It is not necessary to calculate the amount of fringe benefits paid for each employee. A reasonable allocation based upon the ratio of fringe benefits paid to the salaries of employees receiving fringe benefits is more than adequate.

7598 Fringe Benefits Allocated to Religious Education

An allocated portion of fringe benefits (included in control account number 7500) paid by the parish. All fringe benefits should first be recorded in the 7500 group of accounts and then allocated to other functional categories. It is not necessary to calculate the amount of fringe benefits paid for each employee. A reasonable allocation based upon the ratio of fringe benefits paid to the salaries of employees receiving fringe benefits is more than adequate.

7599 Fringe Benefits Allocated to Parish Administrative and Other Expenses

An allocated portion of fringe benefits (included in control account number 7500) paid by the parish. All fringe benefits should first be recorded in the 7500 group of accounts and then allocated to other functional categories. It is not necessary to calculate the amount of fringe benefits paid for each employee. A reasonable allocation based upon the ratio of fringe benefits paid to the salaries of employees receiving fringe benefits is more than adequate.

**Control Account Number 7600 - PARISH ADMINISTRATIVE AND OTHER
EXPENSES**

- 7601 Bookkeeper**
Payments to a bookkeeper of parish records.
- 7602 Secretary**
Payments to a secretary performing administrative functions
- 7610 Telephone and Answering Service**
List office telephone costs here if parish office is not located in rectory.
- 7615 Miscellaneous**
Amounts paid for miscellaneous parish administrative and other expenses.
- 7630 Office Supplies and Postage**
Payments for office supplies and postage that are necessary for the efficient operation of the parish office.
- 7631 Parish Bulletins, Envelopes and Printing**
Payments for printing parish bulletin, collection envelopes and other printed materials.
- 7632 Accounting and Computer Services**
Payments to an accounting firm and a computer service bureau.
- 7640 Interest Expense**
Payments made to Diocese for interest on parish debt.
- 7659 Other**
to Parish administrative and other expenses not otherwise noted above. List
7698 each major category separately.
- 7699 Fringe Benefits**
An allocated portion of fringe benefits (included in control account number 7500) paid by the parish. All fringe benefits should first be recorded in the 7500 group of accounts and then allocated to other functional categories. It is not necessary to calculate the amount of fringe benefits paid for each employee. A reasonable allocation based upon the ratio of fringe benefits paid to the salaries of employees receiving fringe benefits is more than adequate.

Control Account Number 7700 - DIOCESAN AND OTHER COLLECTIONS
REMITTED

- 7701 Latin American Collection
The total amount remitted to the Diocese from the parish.
- 7702 American Catholic Relief Overseas Aid
The total amount remitted to the Diocese from the parish.
- 7703 Bishop's Fund for Charity and Education
The total amount remitted to the Diocese from the parish.
- 7704 Catholic Communications Campaign Collection
The total amount remitted to the Diocese from the parish.
- 7705 Peter' Pence Collection for the Holy Father
The total amount remitted to the Diocese from the parish.
- 7706 Collection for Catholic University and Higher Education
The total amount remitted to the Diocese from the parish.
- 7707 Propagation of the Faith Collection - Mission Sunday
The total amount remitted to the Diocese from the parish.
- 7709 Good Friday/Shrines of the Holy Land
The total amount remitted to the Diocese from the parish.
- 7710 Catholic Schools Appeal
The total amount remitted to the Diocese from the parish.
- 7711 Retirement Fund for Religious
The total amount remitted to the Diocese from the parish.
- 7712 Mission Cooperative
The total amount remitted to the Diocese from the parish.
- 7713 Rice Bowl
The total amount remitted to the Diocese from the parish.
- 7714 Other
to Not otherwise covered by the above. List each major category separately
7799

Note: The balances in these accounts should agree with the balances in the corresponding group of revenue accounts - Diocesan and Other Collections, control account number 6000.

Control Account Number 7800 - PARISH COMMITTEES EXPENSES

- 7801 Family Life Committee**
Amounts paid for this activity
- 7802 Liturgy Committee**
Amounts paid for this activity
- 7803 Parish Council**
Amounts paid for this activity
- 7804 Youth Committee**
Amounts paid for this activity
- 7805 Ecumenism**
Amounts paid for this activity
- 7806 Human Services**
Amounts paid for this activity
- 7807 Other**
to Not otherwise covered by the above. List each major category separately.
7899

**Control Account Number 1200 - TRANSFERS (TO) FROM DIOCESAN EXPANSION
FUND**

1200 Transfers (to From Diocesan Expansion Fund)

Any revenue of the present fiscal year that has been transferred to or from the diocesan expansion fund.

1200 Other

to Additional accounts available to separate savings accounts within Diocesan Expansion Fund. List each separately.

Control Account Number 2000 - INCREASE (DECREASE) IN PARISH DEBT

- 2000 Increase (Decrease) in Parish Debt**
Payments made to Diocesan Expansion Fund on parish debt (excluding interest) or borrowings from Diocesan Expansion Fund during fiscal years.
- 2001 Other**
to Additional accounts available to separate parish debt by project, etc. List
2999 each major category separately.

Control Account Number 1600 - CAPITAL EXPENDITURES

- 1601 Equipment and Furnishings - Church**
Purchases of major pieces of equipment and furnishings for church.
- 1602 Equipment and Furnishings - Rectory**
Purchases of major pieces of equipment and furnishings for rectory.
- 1603 Equipment and Furnishings - Parish Hall/Youth Center**
Purchases of major pieces of equipment and furnishings for parish hall/youth center.
- 1604 Equipment and Furnishings - Religious Education Center**
Purchases of major pieces of equipment and furnishings for religious education center.
- 1605 Other**
to Not otherwise covered by the above. List each separately.
1609
- 1610 Building Improvements - Church**
Payments for improvements to church.
- 1611 Building Improvements - Rectory**
Payments for improvements to rectory.
- 1612 Building Improvements - Parish Hall/Youth Center**
Payments for improvements to parish hall/youth center
- 1613 Building Improvements - Religious Education Center**
Payments for improvements to religious education center
- 1614 Other**
to Payments not otherwise covered by above. List each separately.
1699
- Note:** Examples of capital expenditures are painting parish buildings and major renovation projects usually requiring fund drives.

**Control Account Number 4500 - CAPITAL FUND DRIVES AND OTHER MASS
REVENUE SERVICES**

- 4501 Capital Fund Drive - Church**
Collections for major renovations or construction of a church.
- 4502 Capital Fund Drive - Rectory**
Collections for major renovations or construction of a rectory.
- 4503 Capital Fund Drive - Parish Hall/Youth Center**
Collections for major renovations or construction of parish hall or youth center.
- 4504 Capital Fund Drive - Religious Education Center**
Collections for major renovations or construction of religious education center.
- 4505 Capital Fund Drives - Other**
to Collections for other capital fund drives. List each major fund drive
4550 separately.
- 4551 Insurance Settlements - Major Renovations**
Proceeds of insurance settlements requiring major renovations or construction of parish property.
- 4552 Endowment funds**
Proceeds of will and other bequests requiring that the principal be maintained intact with only the income to be used for general or specific purposes.
- 4553 Other Major Revenue Sources**
to Proceeds of other major revenues. List each major category separately.
4599