

PROCEDURES AND CONTROLS FOR PARISH FINANCIAL MATTERS

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TABLE OF CONTENTS

Introduction

1. Personnel and Responsibilities
2. Steps to Sound Financial Management
3. General Accounting Procedures and Controls
4. Procedures and Controls for Processing Revenues, Cash Receipts and Tracking Accounts Receivable
5. Procedures and Controls for Processing Purchases, Cash Disbursements and Tracking Accounts Payable
6. Procedures for Capital and Other Major Expenditures
7. Procedures for Hiring, Payroll and Employee Benefits
8. Diocesan Assessments
9. Guidelines for Completing Annual Parish Financial Report

Appendix

- A - Diocese of Youngstown Finance Council Guidelines
- B - Diocese of Youngstown Internal Control Segregation of Duties Guidelines
- C - Record Retention Guidelines
- D - Diocese of Youngstown Offertory Collection Procedures
- E - Sales Tax Exemption Form and Instruction on How to Obtain a copy of the Group Exemption
- F - Diocese of Youngstown Permission to Spend Form
- G - Diocese of Youngstown New Hire Reporting Checklist and Sample Forms
- H - Diocese of Youngstown Quick Reference Contact Listing

INTRODUCTION

This document is designed to provide financial guidelines to assist pastors and bookkeepers in the financial administration of parishes. It provides procedures that will assist in safeguarding the parish assets through uniform methods and procedures.

SECTION 1

PERSONNEL AND RESPONSIBILITIES

To be effective, internal control policies and procedures must be properly followed by personnel, regardless of responsibility level. People, not policies, determine whether a system will function properly. People at different levels have different backgrounds, technical skills, needs, and priorities. Therefore, it is important that they be properly trained in their responsibilities and limits of authority. The following suggestions may help in deterring employee dishonesty and apply to volunteers as well as paid employees:

- Require annual vacations of employees to help ensure that any fraud requiring their constant attention would be discovered during their absence. This requires cross-training to ensure work continues during such absences.
- Bond or secure fidelity insurance on employees in positions of trust. A fidelity bond is insurance that protects from losses resulting from employee dishonesty. The Diocese provides fidelity insurance for all parishes.
- Establish and educate personnel on the conflict-of-interest policy to prevent potential abuse.
- Know your personnel. Watch for signs that an employee is spending more than their salary would seem to allow.
- Investigate all employees adequately before their employment as part of the hiring process.

Employees must know their job responsibilities as well as their coworkers' responsibilities. Establishing an organizational chart is clearly important for defining responsibility lines. Most important is a clear segregation of duties. The system should provide for an appropriate segregation of duties between the custody of and the accountability for assets. This segregation should preclude any one person from performing all aspects of a function. Custody of assets must be separated from the record-keeping of those assets. Also, authorizing transactions must be segregated from recording the transactions. Generally, involving more people in the accounting system reduces the potential for fraud, unless, of course, there is collusion. In situations where this is impractical due to financial constraints, a responsible officer, finance council member or trustee who is not involved in the daily record-keeping should oversee the accounting activities. Personnel involved in the parish and their responsibilities are as follows:

A. Pastor or his designee

The Pastor, as the head of the parish, should assume ownership of the system of internal control. He is responsible for ensuring integrity, ethics, competence, and other factors of a positive control environment.

B. Finance Council

The finance council should have a significant role in monitoring the internal control function of a parish in providing direction, guidance, and oversight to the pastor. Members must be objective and competent. Membership on the finance council should be diverse with respect to areas of technical competence, covering areas such as accounting, financing activities, real estate, construction, insurance, and investments

C. Volunteers

To the extent volunteers are involved they should be made aware of control consciousness. Personnel who volunteer need to understand the business implications of their activities. While the church is grateful for their volunteerism, there may be occasions when accepting their help would be inappropriate because of church or personal conflicts of interest.

SECTION 2

STEPS TO SOUND FINANCIAL MANAGEMENT

Recommended standards for good financial management are as follows:

- Establishment of a qualified and active Parish Finance Council. See Appendix A for the Diocese of Youngstown Finance Council Guidelines.
- Establishment of a clear and defined chart of accounts. The chart of account should include account level detail sufficient to complete the Annual Parish Financial Report included in section 8.
- Establishment of budgets including periodic comparisons of budget to actual operating results. Diocesan and parish officials must insist that their financial managers have an adequate system of planning and control. Generally, they must have mechanisms in place to ensure that the parish can meet unexpected financial obligations and has the resources to take advantage of unexpected opportunities that may arise. This can be accomplished through the adoption of an annual budget. Proper planning also dictates that cash-flow forecasts are prepared periodically, and all excess cash placed in reasonably safe long-term investment vehicles. Quarterly budget to actual reports should be prepared by the bookkeeper and monitored by the pastor so that appropriate action can be taken should the actual results of operations vary materially from the budget. Furthermore, at a minimum on a quarterly basis the parish should report operating results versus budgeted amounts to the finance council so that they are aware of unusual variances from budget and can plan for future operations of the parish.
- Establishment of accounting procedures for processing of transactions of the parish including collecting and recording cash receipts, procurement and cash disbursement procedures, and clergy and lay employee hiring and payroll practices. See sections 3, 4, 5, 6, and 7. We understand that some of the parishes have a limited number of staff. In a two or three person office, segregation of duties among the office staff is imperative for internal control purposes. We have included a Chart of the Diocese of Youngstown Recommended Segregation of Duties in Smaller Parishes in Appendix B.
- Proper reporting including preparation of semi-annual and annual parish financial reports that are published in the church bulletins so that the information is available to parishioners. See section 9.

SECTION 3

GENERAL ACCOUNTING PROCEDURES AND CONTROLS

Suitable Documents and Accounting Records

Accounting records and documents should be maintained to provide an audit trail. Included in Appendix C is Record Retention Guidelines recommended by the United States Conference of Catholic Bishops, Inc. One major objective of an internal accounting control system is to provide reasonable assurance that the financial records reflect all financial transactions that have occurred. The recording of all transactions must be correct as to quantity and dollar amount, and must be made in the proper accounting period. The supporting documentation should be:

- simple and easy to use to help reduce error;
- numbered to help keep physical control over the documents;
- as few in number as possible to minimize confusion; and
- designed to ensure that they will be properly completed.

Bank Accounts

- The number of bank accounts should be strictly limited to those absolutely required. Obviously, the fewer the accounts, the greater the control and the smaller the opportunity for errors or wrongdoing.
- The finance council should approve the opening and closing of all bank accounts including accounts for auxiliary organizations. All accounts should be opened in the name of the parish, never an individual. For auxiliary organizations the bank account should be in the parish name and then the name of the organization. The mailing address for all accounts should be the parish's address. Only officials designated by board resolution should be permitted to open and close bank accounts.
- Authorized check signers should be very limited. The parish bookkeeper should never be a signer on the bank account. For auxiliary organizations the priest should always be a signer on the account along with the organizations president or treasurer. Checks in excess of a certain dollar amount (e.g., \$2,500) should require the signature of two responsible individuals. Facsimile signatures should be prohibited unless controlled by a check-signing machine with a numerical sequence counter. No signature stamps should be allowed.
- Bank statements should be reconciled to the accounting records each month in a timely manner. This includes all parish accounts, including auxiliary accounts and investment accounts. This is essential to determine if any unauthorized checks were issued or receipts stolen. The statement should be reconciled by someone other than the check signers. The individual responsible for reconciling the account should receive the bank statement unopened. The actual reconciliation should be compared with the financial statements by a separate responsible individual (e.g., finance council member) at least annually.
- Disbursement checks indicated as outstanding for more than 60 days should be investigated and resolved.
- All wire transfers should be pre-authorized by two responsible individuals.

Physical Control over Assets and Accounting Records

The safeguarding of assets is an important aspect of a system of internal control. Accounting records can be protected by physical barriers, such as locked rooms or drawers accessible only to select individuals. The safeguarding of assets, however, is much more than just establishing physical control. The system should also provide documentation authorizing the movement of assets into or out of an organization.

In addition to accounting records, all physical assets should be properly secured. For example, furniture and equipment should be numbered and inventoried.

An important subset of physical controls is security for the information system. It is crucial that access to computer equipment and the computer software necessary to process accounting information be controlled. Computer files should be backed up and stored off-site and fireproof safes should be used to store important documents. Given the rapid changes being made in this information age, management must be cognizant of the importance of emphasizing controls over the use of its information technology.

Independent Verification of Performance

Procedures to reconcile actual transactions with those transactions that have been recorded are another element of internal control. The taking of a physical inventory or the reconciling of a bank account to the general ledger is two methods for such activity.

No one can objectively evaluate his/her own performance effectively, and no one can record large numbers of transactions with perfect accuracy. Supervisors must periodically assess the performance of their subordinates to help ensure that any accounting and internal control system is functioning properly.

Methods for Reporting Income and Expenses

- Cash Basis

A system of accounting that recognizes revenue when they are received, and expenses when they are paid. Cash basis accounting does not deal with accounts receivable or accounts payable and only recognizes transactions actually paid for. This accounting system is easiest and perhaps best for parishes that have few receivables and that pay their monthly bills within 30 days of receipt.

- Accrual Basis

The accounting method under which revenues are recognized when earned (rather than when the cash is received), and expenses when incurred (rather than at the time of payment).

The assets and/or liabilities are affected at the time that the revenues are earned by either an increase in cash (if the revenue was paid in cash), an increase in accounts receivable (if the service was performed on credit), or a decrease in unearned revenues (if the service was paid for in advance and earned at a later date). The assets and/or liabilities are also affected at the time of the expense by a decrease in cash (if the expense was paid at the time the expense was incurred), an increase in accounts payable (if the expense will be paid in the future), or a decrease in prepaid expenses (if the expense was paid in advance).

SECTION 4

PROCEDURES AND CONTROLS FOR PROCESSING OF REVENUES, CASH RECEIPTS AND TRACKING ACCOUNTS RECEIVABLE

Controls over Revenues

- Billing invoices should be pre-numbered to make sure they are all accounted for. There must also be physical control over invoices so that they are not improperly used.
- Restricted donations should be recorded as restricted and used only for the restricted purpose imposed by the donor. A record should be kept of the use of the restricted funds to verify they were used for the donors intended purpose.
- Endowed funds received should be recorded as endowment, and only the investment income should be expended for parish use.
- All bequests and trusts where the parish/school is a beneficiary should be handled in accordance with Canonical and diocesan requirements for the acceptance and receipt of such gifts.
- Custodial accounts and amounts received for others should be adequately segregated in the activity records and transmitted to the ultimate recipient within 30 days of the collection. Whenever possible, amounts reported by contributors (such as parishes forwarding special collections) should be reconciled or compared with amounts ultimately disbursed to the agency.

Controls over Cash Receipts

- As offertory collections are a major source of parish funds, the parish should establish procedures for offertory collections at masses to insure the security of the funds. Those procedures should be documented and consistently followed and should include offertory count sheets. See Appendix D for the Diocese of Youngstown Offertory Collection Procedures.
- When the mail is opened, a list of cash and checks received should be prepared and checks should be restrictively endorsed. The person opening the mail and preparing the list should be independent of the accounting function. A responsible official should periodically compare the list to the cash receipts journal record and the bank validated deposit slips.
- Cash and check receipts should be deposited intact daily and no funds removed from the deposit. If deposits cannot be made on a daily basis then funds should be secured in a safe.
- All handling of cash should be segregated from the maintenance of receivable records.
- Funds received for Mass stipends recorded separately from other funds, and a record kept of all Masses said in accordance with Canonical and diocesan requirements. Mass stipends are not parish income, but the parish shall hold these monies in trust for the individual priest who says the mass. Internal revenue service guidelines require that the parish include the amount of stipends paid to priests either in their W-2 for the parish priest or in the form of a 1099 for other priests.

Controls over Accounts Receivable

- “NSF” checks should be followed up immediately, resolved and adjusted as necessary.
- Periodically, the detail of the accounts receivable and/or pledges receivable subsidiary records should be compared with the control account and reconciled by an independent person. Accounts should also be periodically confirmed by the debtor.
- All adjustments, discounts, allowances and bad debt write offs should have specific approval processes. Additionally, a record of all adjustments should be maintained and periodically reviewed by the finance council to minimize the danger of collections being received and not recorded.
- The accounts receivable listing should be aged regularly and the delinquent accounts periodically reviewed by a responsible official.

SECTION 5

PROCEDURES AND CONTROLS FOR PROCESSING OF PURCHASES, CASH DISBURSEMENTS AND TRACKING ACCOUNTS PAYABLE

Controls over Purchasing and Receiving Goods and Services

- The request for goods or services is the starting point for the cycle. Proper authorization for acquisitions is an essential part of the function because it ensures that the goods or services purchased are for an authorized purpose, and it prevents the purchase of excessive or unnecessary items. It is essential, therefore, that purchasing authority be established. Certain major expenditures of parish funds require the permission of the Bishop. See section 6 for discussion of these items. The individual authorized to approve purchases should be separate from those handling the actual disbursements function.
- Before an acquisition is approved a responsible official should check to see if available budget dollars remain to support the purchase.
- After the acquisition request has been approved, the order must be initiated to purchase the goods or services through a vendor. Parishes are exempt from sales tax and should provide the vendor with a sales tax exemption form along with a copy of the group exemption. A copy of the sales tax exemption form and instructions on how to obtain a copy of the group exemption is included in Appendix E.
- The receipt of goods or services from the vendor is a critical point in the cycle, because it is the point when the associated liability is usually first recognized. When goods are received, adequate control requires an examination for descriptions, quality, and condition. The individual responsible for the examination should initial the invoice verifying that all items were received.

Controls over Tracking Accounts Payable

- The proper recognition of the liability for the receipt of goods and services requires accurate and prompt recording. The accounts payable disbursements personnel are responsible for verifying the accuracy of the account coding and for recording them in the accounts payable register or system. They should check the extensions and footings for accuracy.
- The accounts payable/notes payable procedures are clearly related to the procedures for cash disbursements. The control concern is to make certain that all liabilities are properly recorded and ultimately paid. For disbursements that are not normally accompanied by an invoice (e.g., payment on a note), the authorization should come from a responsible official.

Controls over Cash Disbursements

- The most important controls in the cash disbursement function include the signing of checks by an individual with proper authority.
- There should be separation of responsibilities for signing the checks and performing the accounts payable function, and careful examination of the supporting documentation by the check signer. Check signers should not have access to the accounting records.
- All cash disbursements should be made with pre-numbered checks, with the exception of petty cash. Using checks for all major cash payments ensures that the disbursement is authorized and there is a permanent receipt. The check should be pre-numbered so that it is accounted for properly. This procedure helps to prevent the issuance of a check that is not recorded in the cash disbursement journal. Additionally, pre-signed checks should not be allowed.
- If a mistake is made when preparing a check, the check should be voided before preparing a new one. The voided check should then be altered to prevent its use, retained to make sure all pre-numbered checks are accounted for, and filed with other checks for a permanent record. The stock of unused checks should be safeguarded and regularly inventoried.
- Checks should be drawn according to procedures prescribing adequate supporting documentation. To ensure that disbursements are supported by invoices that have been properly authorized, this documentation should include at least (1) a proper original invoice; (2) evidence that the goods or services were received; and (3) evidence that the purchase transaction was properly authorized.
- It is important to have a method of canceling the supporting documents to prevent their reuse as support for another check at a later time. A common method is to have a "paid" stamp for the supporting document that includes the number of the account the disbursement is charged to and the check number.
- All checks should be mailed promptly and directly to the payee. The person mailing the check should be independent of those requesting, writing, and signing it.
- National and Special collections should be remitted to the Diocese within 30 days of the collections.
- If a petty cash fund is used it should not exceed \$500 and there should be one custodian that controls the fund. The petty cash fund should only be replenished when properly approved vouchers/detailed receipts are presented justifying all expenditures (date, purpose, person making purchase, authorization for purchase). Checks to replenish petty cash should be made payable to the parish/staff member not to cash.

SECTION 6

PROCEDURES FOR CAPITAL AND OTHER MAJOR EXPENDITURES

For capital or other major expenditures, a competitive bidding process should be established.

1. Any expenditure in excess of \$10,000 requires 3 written competitive bids.
2. Bids should be submitted to the finance council.
3. The following factors should be considered in reviewing bids and awarding contracts:
 - 1) Cost
 - 2) Bidder's previous record of performance
 - 3) Timeliness of response and delivery
 - 4) Fully Insured Contractors Only
 - 5) References

All expenditures, including major ones, should first be reviewed and approved by the pastor and finance council. Certain expenditures require the additional permission of the diocesan Chief Financial Officer and the Vicar General who acts on behalf of the Bishop. The expenditures requiring additional permissions include:

- Purchase of land regardless of the amount.
- Purchase or construction of buildings regardless of the amount.
- Additions/renovations to existing buildings over \$10,000.
- Purchase of furniture and equipment in excess of \$10,000.

A request for permission to spend is done through submission of a permission to spend form to the diocesan finance office for approval prior to the expenditures being initiated. The Diocese of Youngstown Permission to Spend form is included in Appendix F.

Purchase or Sale of Property and Lease Negotiations

All Diocesan real estate is held in Trust under the name of "The Roman Catholic Diocese of Youngstown" with the Bishop of the Diocese as Trustee. The Finance Office of the Diocese serves as a Liaison to the Bishop for all property transactions. Because of this, the Chief Financial Officer (CFO) has to be informed early in the discussion phase of any property transactions. All property listing agreements, purchase contracts, leases, deeds, etc. must be approved by the CFO before they are forwarded on to the Bishop for his signature. The CFO does possess a Power of Attorney from the Bishop which can be executed by the CFO after consultation with the Bishop in order to expedite transactions in the absence of the Bishop.

It is appropriate to utilize legal counsel at the parish level to draft and review real estate documents with the understanding that final review will be done by Diocesan legal counsel before final review by the CFO. Diocesan legal counsel will bill the parish separately for services rendered pertaining to such transactions.

Upkeep of Property

It is important to properly maintain all Diocesan property. Proper maintenance eliminates many liability issues, thus not having a negative impact on annual insurance premiums and legal costs. Property that is currently in use should be kept in appropriate working order and good physical appearance. It is the responsibility of each pastor to assume that the physical plant is safe, clean and well maintained. This includes the church, rectory, school, social hall, convent, associated grounds etc. as it pertains to the particular parish.

In situations where buildings are no longer utilized, proper attention should be given to winterizing, securing against vandalism/theft, and consideration of demolition, sale or alternative use. Please do not hesitate to contact Joe Kuras, Director of Property Management at the Diocese office, extension 294, with any questions regarding this issue. It is imperative that considerations be given as to the cost of infrequently utilized or closed facilities when discussions are held with Finance Councils or other parish groups regarding how to best utilize parish financial resources.

Utility Cost Reduction Plans

It is not the policy of the Diocese to endorse one particular Energy Consultant. The Diocese Central Services Offices has utilized the services of Telco Pros Inc. for energy, telephone, and equipment lease reviews (for tax exempt status). Cost and rate reductions have been achieved in each of the above categories based upon these reviews. Several parishes and Diocesan High Schools have utilized this company for various services. To date, no complaints have been received by the Finance Office regarding this firm. The firm contact information is:

Telco Pros Inc.
Roger S. Zona
Office Phone: 877-244-0182
Cell Phone: 216-926-6173
Fax Number: 216-803-9898
Email: roger.zona@thetelcopros.com

Property & Liability Insurance Allocation Method Revision

As of fiscal year 12-13 the property and liability insurance allocation method has been revised with the following calculations:

- A \$200 dollar per claim fee will be added to all entities processing claims in the previous fiscal year.
- Ten percent of total claim dollars processed the previous fiscal year, by an entity, will be added to that entity's allocation calculation.
- Any entity that owns a vehicle will be charged \$750 per vehicle and \$900 per bus.

The 1st two revisions are added to the portion of the formula that takes into account a max/min increase or decrease in allocation. The last revision is a direct add-on amount to the allocation.

Property & Liability Insurance Claim Process Contact Person

Gallagher Basset Claims Adjuster
Rochelle Reichert
Toll Free Number: 800-416-1826 ext. 2345
Direct Line Number: 614-356-2345
Fax Number: 866-947-2094
Email: Rochelle_reichert@gbtpa.com

SECTION 7

PROCEDURES FOR HIRING, PAYROLL AND EMPLOYEE BENEFITS

Importance of Employee Handbook and Recommended Policies

The Parish is a distinct canonical and civil legal entity that employs its own personnel. The autonomy of the Parish and the authority of the Pastor must be respected and preserved. The Handbook is not a contract, expressed or implied. It is intended to give employees a description of working conditions, policies and benefits of employment in the parish. It is intended to promote fairness and equity among employees by providing a written statement of policies, and to ensure that employees have a clear knowledge of these policies.

The responsibility for implementation of and adherence to the policies contained in the Handbook rests with the Pastor or his delegate for employees.

Employee Required Documents and Personnel Files

In order to protect the young children and vulnerable adults of the Diocese, a Child Protection Policy has been implemented by the Diocese of Youngstown. This policy is available on the Diocesan website, www.doy.org.

All employees should have employee personnel files which should include various records. We have developed a checklist of required records that should be placed in the employee personnel file, along with some sample forms to use that is included in Appendix G.

Centralized Payroll

Compensation and payroll reporting is one of the most complicated and unique financial aspects of the Catholic churches. The Diocese of Youngstown has contracted with Interlogic Outsourcing, Inc. (IOI) for payroll processing. IOI is a national leader of payroll and employer outsourcing services. They are experts in payroll processing and payroll tax filing.

We recommend that all diocesan parishes, schools and other entities contract with IOI for payroll processing and tax filing. Please contact, Mike Terlecki, at Diocese of Youngstown, phone 330-744-8451, extension 260, for information on implementation of centralized payroll with IOI.

Items Reported as Compensation

- Hourly or salary wages paid for services performed
- Bonuses, cash gifts, gift certificates, or cash equivalents paid to employees
- Stipends paid to clergy
- Other cash allowances paid without required documentation or invoices (i.e. fuel for priests personal vehicle, vehicle expenses such as repairs and maintenance, priest personal clothing)

Clergy Payroll

There are unique circumstances related to Priests payroll which include:

- Priests are considered employees for federal, state and local income tax purposes and receive a W-2 at year end for their salary.
- Priests are self-employed for social security and Medicare tax purposes. Thus there is no withholding of social security or Medicare tax from the priests wages. Also, the church is not required to pay the employers portion of social security or Medicare tax on the priests wages.
- Priests who live in the rectories receive tax free housing and meals. In order for meals to be tax-free they must be consumed on the premises of the parish or rectory. They are tax-free because the priest is considered to be “on call” when on the parish grounds.
- Priests receive various fringe benefits that are set by the Bishop. The fringe benefits are to be paid by the parish, are tax-free and currently include:
 - Monthly contribution to the priest retirement fund
 - Healthcare insurance, including medical, vision and dental
 - Funding of continuing education costs up to \$1,000 annually
 - Funding of retreat costs up to \$400 annually
 - Reimbursement to priests for job related expenses up to \$2,400 annually.
- The Diocese determines the priest salaries annually on July 1 of each year. Salary levels are based upon the priest’s year of ordination. The annual Diocese of Youngstown Priest’s Salary Scale is sent to the Parish on an annual basis.

Employee Benefits

A lay employee is eligible on the first of the month following 30 days of employment for all of the following benefits if they are an employee who is working at least 20 hours per week and at least 1,000 hours per year:

- Life Insurance at one and one half of the employees annual salary or wages (employer paid)
- Long-term disability insurance (employer paid)
- Unemployment insurance (employer paid)
- Workers compensation insurance (employer paid)
- Healthcare insurance including medical, prescription drug, dental and vision (employee and employer paid)

For those part-time lay employees working less than 20 hours per week and less than 1,000 hours per year the benefits available to them are as follows:

- Unemployment insurance (employer paid)
- Workers compensation insurance (employer paid)

All lay employees are able to enroll in the 403(b) salary deferral plan as of the first day of hire. Once a lay employee, working at least 20 hours per week and at least 1,000 hours per year, completes one year of service they are eligible to participate in an employer match contribution under the 403(b) salary deferral plan starting with the first plan entrance date following the one year of service. The plan entrance dates are January 1 or July 1 of each year. The match contributions are made into the employees 403(b) account twice a year. For the period January 1 through June 30 the contribution is made in August and for the period July 1 through December 31 the contribution is made in February.

SECTION 8

DIOCESAN ASSESSMENTS

The Diocese assesses a fee to all parishes within the diocese called the Cathedraticum assessment (DA assessment). The Cathedraticum assessment provides the resources for the operation of the bishop and diocesan central offices.

The DA assessment is assessed on a fiscal year of July 1 to June 30 of each year. The annual DA assessment is billed over a 12 month period in equal installments. The diocese uses previous year's operating results to calculate the DA assessment. For example for the DA assessment that is being billed from July 1, 2012 to June 30, 2013 the operating results of the parish for the year ended June 30, 2011 are used. The reason for this is that the parishes are not required to report actual operating results until 3 months after the year end. Thus when the DA assessment calculation is determined for the period starting July 1, 2012 the operating results for the year ended June 30, 2012 are not available resulting in a one year lag in the DA assessment on actual operating revenues.

The DA assessment is calculated at 8.5% of adjusted parish income. The adjusted parish income is calculated as follows:

- Total Parish Income
- Less Designated Collection
- Less Building Fund & Debt Reduction
- Less Bishop's Appeal/Capital Campaign Rebate
- Less CCD and Adult Education Expenses
- Less Catholic Exponent Expenses
- Less Stewardship Expenses
- Less High School Quota
- Less Principal Payments on Operating Loans
- Less Interest Payments Operating Loans
- Less Interest Payments Building Fund & Debt Reduction

The diocese also assesses a High School Quota assessment (HS assessment) to certain parishes located within counties that have high schools. The HS assessment is calculated at 5% of adjusted parish income as follows:

- Total Parish Income
- Less Designated Collections
- Less Building Fund & Debt Reduction
- Less Bishop's Appeal/Capital Campaign Rebates
- Less Interest Payments Building Fund & Debt Reductions

SECTION 9

GUIDELINES FOR COMPLETING ANNUAL PARISH FINANCIAL REPORT

These guidelines have been established to create a more consistent and accurate method for all parishes to report their receipts and disbursements. The guidelines list the line number, the account description, and a brief definition of what type of accounts should be entered on the line.

I. RECEIPTS AND DISBURSEMENTS

Section A: Church Operating Receipts

Line	Account Description	Account Type / Details
1	Sunday and Holy Day	All Sunday and Holy Day collections exclusive of Easter and Christmas.
2	Christmas and Easter Collections	Christmas and Easter collections.
3	Other Church Collections	All collections at all services other than collections entered on lines 1 & 2, e.g. novenas, forty hours, Lenten masses.
4	Other Church Income	Income received from shrines, votive lights, and sale of religious articles and pamphlets.
5	Parish Societies	All contributions from various parish societies, e.g. Holy Name, Altar and Rosary, Men's Club.
6	Bequests and Gifts	Any bequests or special gifts other than offertory or parish society contributions. Include funds from wills, estates, and bequests.
7	Interest, Dividends and Realized Gains/Losses on Investments	All actual interest or dividends received in the fiscal year. All realized gains or losses on investments sold during the fiscal year.
8	Rental and Other Miscellaneous Income- Gross	All other income received such as rental income and income from fund-raisers. Report these incomes as gross amounts collected.
9	Gas / Oil Royalties	Royalties received from gas or oil companies.
<u>Designated Collections Received:</u>		
10	Parish Partnership through Mission/CRS Office	ONLY collections for the Parish Partnership program run through Diocesan Mission office.
11	Other Designated Collections Received	All other designated collections.
<u>Parish Fundraising Activities: (Net)</u>		
12	Bingo	Net income from Bingo.
13	Festival	Net income from Festivals
14	Other Parish Fundraising Functions	Net income from all other parish fundraising functions e.g. fish fry, spaghetti dinner.
15	Building Fund and Debt Reduction	All collections received that are earmarked for APPROVED Debt Reduction and all APPROVED building renovations.
16	Bishop's Appeal/Capital Campaign Rebate	Bishop's Appeal/Capital Campaign rebates received from the Diocese of Youngstown.
17	A - Total Church Operating Receipts	Sum of lines 1 through 16

Section B: School Operating Receipts

Line	Account Description	Account Type / Details
18	Receipts (excluding tuition)	All school income other than tuition.
19	Tuition	All tuitions collected during this fiscal year regardless of the school year it is for.
20	B - Total School Operating Receipts	Sum of lines 18 and 19
21	Total Operating Receipts	Sum of lines 17 and 20

Section C: Church Non-Operating Receipts

Line	Account Description	Account Type / Details
22	Diocesan Subsidy (to the parish)	Any subsidy received from the Diocese of Youngstown (DO NOT include Diocesan loans).
23	Sale of Property	Proceeds from the sale of any properties NET of selling expenses.
24	Loan Proceeds	Any funds received from any loan whether from a bank, or another diocesan institution.
25	Payments Received on Loans	List all money received for re-payment on loans to other parishes.
26	Unrealized Gains/Losses on Investments	The difference between the market value of investments at the beginning of the fiscal year and the end of the fiscal year.
27	Insurance Claim Monies	Any monies received on insurance claims.
28	C - Total Church Non-Operating Receipts	Sum of line 22 through 27

Section D: School Non-Operating Receipts

Line	Account Description	Account Type / Details
29	Diocesan Subsidy (to the school)	Any subsidy received from the Diocese of Youngstown (DO NOT include Diocesan loans).
30	Lumen Christi Lease Income	Money received from the Lumen Christi School System for use of school building.
31	D - Total School Non-Operating Receipts	Sum of line 29 and 30
32	Total Non – Operating Receipts	Sum of lines 28 and 31
33	Total Receipts	Sum of lines 21 and 32

Section E: Church Operating Disbursements

Line	Account Description	Account Type / Details
34	Clergy and Religious Salaries	Gross salaries paid to pastor and associates along with any amounts paid to visiting priests.
35	Lay Salaries	Gross salaries paid to lay employees, e.g. Director of Religious Education, Ministers of Music, and Janitors.
36	Rectory Expenses	Rectory Expenses, e.g. food, cleaning supplies, and laundry expenses.
37	Office Expenses	Office Expenses, e.g. office supplies and postage.
38	Payroll Taxes and Fringe Benefits	All payroll taxes and fringe benefits paid by the parish for the church employees, e.g. medical insurance, employer portion of social security and Medicare taxes.
39	Transportation and In-Service Expenses	Any expenses incurred for providing outside speakers including speaking fees, speaker transportation and meal allowances.
40	Priest Reimbursed Expenses	Any expenses reimbursed to the pastor by the parish, e.g. continuing education, travel expenses.

Section E: Church Operating Disbursements (Continued)

Line	Account Description	Account Type / Details
41	Parish Activities Expenses	Any expenses associated with any parish social activities including publication expenses.
42	Sanctuary Expenses	All expenses for sanctuary supplies, e.g. altar, bread, flowers.
43	CCD and Adult Education Expenses (do NOT include any employee salaries)	Cost of books and other materials used in connection with CCD or any Adult Education classes.
44	Catholic Exponent Expenses	Expenses paid for those receiving the Exponent listed on the parishioner cover program, advertising expense, directory book purchases.
45	Miscellaneous Administration Expenses	Any expenses not specifically provided for on lines 33 through 44.
46	Stewardship Expenses	Any expenses associated with stewardship programs.
	BUILDING EXPENSES	
47	Utilities Expenses	Utilities Expenses, e.g. electric bill, water and sewer bill, gas bill. DO NOT net any royalty income against these expenses.
48	Ordinary Building Maintenance and Security Expenses	Any repair expenses to parish or rectory. Security for any event that IS NOT listed under Parish Activities.
49	Insurance Expenses	Property and Liability insurance paid to the Diocese of Youngstown.
50	Tax Expenses	Property taxes paid on any properties used for non-religious purposes.
	PAYMENT TO OTHERS	
51	Other Parish Schools	Payments to other parishes for your parishioner's children schooling.
52	Cathedraticum Assessment	Cathedraticum Assessment paid to the Diocese of Youngstown during the fiscal year regardless of the year of assessment.
53	High School Quota Assessment	High school quota Assessment paid to the Diocese of Youngstown during the fiscal year regardless of the year of assessment.
54	Designated Collections Remitted	All designated collections submitted to DOY.
55	Interest Payments – Operating Loans	Total amount of interest paid on all operating loans.
56	Interest Payments - Building Fund & Debt Reduction	Total amount of interest paid on all building fund and debt reduction loans.
57	E - Total Church Operating Disbursements	Sum of lines 34 through 56

Section F: School Operating Disbursements

Line	Account Description	Account Type / Details
58	School Operating Disbursements	Total of all operating expenses incurred for the operation of the school only.
59	Total School Operating Disbursements	Amount of line 58
60	Total Operating Disbursements	Sum of lines 57 and 59

Section G: Church Non-Operating Disbursements

Line	Account Description	Account Type / Details
61	Land and Building	All land and building expenses NOT incurred for the normal everyday operations of the church or the school. e.g. cost to repair rectory.
62	Equipment and Furniture	All equipment or furniture expenses NOT incurred for the normal everyday operations of the church or the school.
63	Principal Payments – Operating Loan	Loan principal payments EXCLUDING interest payments on church and school operating loan.
64	Loans to others	All funds loaned to other parishes or any other borrowers.
65	Principal Payments – Building Fund and Debt Reduction	Loan principal payments EXCLUDING interest payments on Building loans and Debt Reduction loans.
66	G - Total Church Non- Operating Disbursements	Sum of lines 61 through 65

Section H: School Non-Operating Disbursements

Line	Account Description	Account Type / Details
67	School Non-Operating Disbursements	Total of all non-operating expenses incurred for the school.
68	Lumen Christi Subsidy	Subsidy paid to Lumen Christi School System.
69	Holy Cross Academy Subsidy	Subsidy paid to Holy Cross Academy School System.
70	Total School Non-Operating Disbursements	Sum of lines 67 through 69
71	Total Non-Operating Disbursements	Sum of lines 66 and 70
72	Total Disbursements	Sum of lines 60 and 71

II. SUMMARY OF PARISH ASSETS

Section A: Checking

Bank / Broker :	Account Type	Account Number	Balance as of 6/30/yr
List the name of the bank.	List the type. e.g. general checking, festival checking	Enter the last 4 digits bank account number	Enter year-end balance.
List all checking accounts in this section. To add another line click on ADD A LINE			
Total Checking			Sum of all checking accounts.

Section B: Saving

Savings: Bank	Account Type	Account #	Balance as of 6/30/yr
List the name of the bank.	List the type. e.g. general fund saving, build fund saving	Enter the last 4 digits of bank account number	Enter year-end balance.
List all saving accounts in this section. To add another line click on ADD A LINE			
Total Savings			Sum of all saving accounts.

Section C: Investments

Investments: Bank	Description	Account #	Balance as of 6/30/yr
List the name of the bank or investment company.	Enter the type of investment. e.g. School endowment, capital fund.	Enter the last 4 digits of investment or bank account number	Enter year-end Current Fair Market Value (FMV) not cost of investment
List all investment accounts in this section. To add another line click on ADD A LINE	ALL INVESTMEMTS LIST AT FAIR MARKET VALUE.		
Total Investment			Sum of all investment accounts.

Section D: Loans Receivable

Due From:	Description	Balance as of 6/30/yr
Enter the name of the institution that borrowed the money.	Enter the type of loan. e.g. 5 yr fixed rate, 7 yr variable rate.	Enter year-end balance.
To add another line click on ADD A LINE		
Total Receivable		Sum of all receivables

Total Assets of Section II	Sum of Sections A through D
-----------------------------------	------------------------------------

III. SUMMARY OF PARISH INDEBTEDNESS

Section A Loans Payable

Loans Payable Due To	Description	Balance as of 6/30/yr
Enter name of the institution that lent the money.	Enter the type of loan. e.g. 5 yr fixed rate, 7 yr variable rate.	Enter amount owed as of 6/30/yr.
To add another line click on ADD A LINE		
Total Loans Payable		Sum of all loans payable

Section B Accounts Payable

Accounts Payable Due To	Description	Balance as of 6/30/yr
Enter name of the vendor to whom the payable is due.	List the type of payable, e.g. December gas bill, DA Assessment.	Enter amount owed as of 6/30/yr.
To add another line click on ADD A LINE		
Total Accounts Payable		Sum of all accounts payables
Total Liabilities		Sum of Loans Payables and Accounts Payables.

IV. RECONCILIATION OF TOTAL ASSETS

Section IV will not require any inputting, data will be pulled from various sections of this years and last year's report. Before finalizing this report the last two lines from this section **MUST BALANCE**.

Description	Where data is linked	Dollar Totals
Total Assets, June 30 of prior year report	From Section IV of prior year report.	\$100,000
Add: Total Receipts	Line 33 of Section I of the current year report.	\$250,000
Total Assets	Sum of previous two lines.	\$350,000
Deduct: Total Disbursements	Line 72 of Section I of the current year report.	\$275,000
Total Assets , June 30 of current year report	Total Assets less Total Disbursements	\$75,000
Total Assets , June 30 of current year report	Total Assets from Section II	\$75,000

V. SUPPLEMENTAL SCHOOL INFORMATION

Section V will not require any inputting, data will be pulled from various sections of this year's report to populate these fields. The Total Subsidy to School dollar amount should match the amount generated by your parish accounting software. If it does not double check your dollars entered in this report.

Description	Where data is linked	Dollar Totals
School Operating Disbursements	From Section I	\$285,000
School Non-Operating Disbursements	From Section I	\$15,000
Total Disbursements	Sum of previous two lines	\$300,000
Less		
School Operating Receipts	From Section I	\$225,000
School Non-Operating Receipts	From Section I	\$25,000
Total Receipts	Sum of previous two lines	\$250,000
Total Subsidy to School	Total Disbursements less Total Receipts	\$50,000

VI. PARISH ORGANIZATION FUNDS

Organization Name	Account Type	Account #	Balance as of 6/30/yr
Altar and Rosary	Checking	012345	\$1,500
To add another line click on ADD A LINE			
Total Organization Funds			\$1,500

After all 6 sections are completed and section IV balances present the report to the pastor for his approval. After the pastor approves the report, finalize the report and print the certification page. After the pastor signs the certification page, present it to the finance committee for their signatures. Make a copy of the signed certification page for the parish records and send the original to the finance office of the Diocese of Youngstown.

APPENDIX

APPENDIX A

DIOCESE OF YOUNGSTOWN FINANCE COUNCIL GUIDELINES

In 1983, the Code of Canon Law was revised and enhanced to describe the responsibilities of the parish pastor, administrator, or parish life coordinator to establish a finance council to assist and advise in the fiscal matters of the parish. In particular, Canons 532 and 537 requires that a finance council be established.

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 Canon 1281-1288.

Canon 537

Each parish is to have a finance council which is regulated by universal law as well as by the 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.

With the guidance provided by Canon Law, the following are the guidelines for parish finance councils:

Membership/Term of Office

- Members are to be men and women of integrity who are registered members of the parish that are skilled in financial, business or legal matters. Members are to represent the diversity of the parish and its ministries.
- Two to seven members of the parish are to be chosen by the discernment process or appointed by the pastor or administrator. The size of the finance council is to be reflective of the size of the parish. The chairperson is to be appointed by the pastor or administrator.
- Members of the finance council are appointed for a three year term with the option for a second term of three years. Members **may not** serve more than two consecutive terms. Terms should be staggered so that one-third of the members' terms end each year.
- The chairperson of the finance council will serve as an ex-officio voting member of the Commission for Stewardship Ministry (if one exists) and the Parish Pastoral Council.
- Members of the finance council may not have a conflict of interest due to relation, business affiliation, or other reasons.
- Members of the finance council may not be related to the pastor or administrator.

Responsibilities

- To respond to requests for consultation from the pastor or administrator regarding the administration of parish goods according to universal law and Diocesan guidelines and policies.
- To coordinate the preparation of the annual parish budget and a long range financial plan in accordance with the mission, values, and goals set by the Parish Pastoral Council and in consultation with other committees. To provide assistance to parish departments and committees in preparing and submitting budgets by providing guidelines, timelines and resources. To ensure that accurate annual budgets and financial reports are filed with the Diocesan Finance Office.
- Because the purpose of the budget is to control expenditures it is important to periodically evaluate the financial condition of the parish by analyzing revenues and expenses against the budget for revenues and expenses. This analysis should also include a thorough review of the balance sheet, which must be inclusive of all parish financial assets. This includes providing assistance to parish departments, committees **and related organizations** (such as Home and School Association, Athletic Boosters, Men's Club, Altar Society, etc.) in preparing and submitting reports to the finance council by providing guidelines, timelines and resources.
- To ensure that permanent, accurate and complete minutes are kept as a record of all finance council meetings.
- To provide parishioners with semi-annual and annual written reports on the financial condition of the parish. The reports are to include a summary of revenues and expenses as well as a summary of the balance sheet.
- To annually submit (at the beginning of each fiscal year) a roster with the names, addresses and e-mail addresses of Parish Finance Council members to the Diocesan Finance Office.

Resource Constrained Parishes

Recognizing the reality of resource constrained parishes and missions, the Diocese of Youngstown recognizes that there is a need for flexibility in implementing these guidelines. As such, parishes and missions with average weekly collections of \$2,000 or less are **encouraged** to follow these guidelines as closely as possible, but full compliance is not mandated in the face of overriding local circumstances.

APPENDIX B
DIOCESE OF YOUNGSTOWN
INTERNAL CONTROL SEGREGATION OF DUTIES GUIDELINES

Two (2) Person Office	
Bookkeeper	Pastor, Finance Council, or Designated Person
<ul style="list-style-type: none"> • Record accounts receivable entries • Mail checks • Write checks • Record general ledger entries • Reconcile bank statements • Record credit/debits in accounting records • Receive cash • Disburse petty cash • Authorize check requests • Authorize invoices for payment 	<ul style="list-style-type: none"> • Sign checks • Complete deposit slips • Perform interbank transfers • Reconcile petty cash • Process vendor invoices • Review bank reconciliations • Review list of outstanding accounts receivable • Approve all accounts receivable discounts, write offs or adjustments

Three (3) Person Office		
Bookkeeper	Office Manager	Pastor or Finance Council
<ul style="list-style-type: none"> • Record accounts receivable entries • Reconcile petty cash • Write checks • Record general ledger entries • Reconcile bank statements • Record credits/debits in accounting records 	<ul style="list-style-type: none"> • Process vendor invoices • Receive cash • Mail checks • Approve Invoices for payment • Authorize purchase orders • Disburse petty cash 	<ul style="list-style-type: none"> • Sign checks • Complete deposit slips • Perform interbank transfers • Review bank reconciliations • Review list of outstanding accounts receivable • Approve all accounts receivable discounts, write offs or adjustments

APPENDIX C

RECORD RETENTION GUIDELINES

Introduction

The records retention guidelines for parish records were prepared to assist parishes' needs to establish control over routine records and to preserve records of permanent value. The list of records included is lengthy but not definitive. Each parish may have a series of records not mentioned here. Retention periods were devised based on canon law, state and federal statutes, and practical parish realities.

Records Retention Schedules

Records retention schedules represent the period of time that records must be kept according to legal and/or organizational requirements.

This document covers retention schedules for seven different groups of parish records:

- Administrative
- Personnel
- Financial
- Property
- Cemetery
- Publications
- Sacramental

Within each group, different series are listed followed by a retention period. Records older than the retention period should be destroyed. Those of permanent value should be stored appropriately.

We have tried to list the majority of types of records that parishes produce. If a series of records is not listed here, locate a similar record series in the list and apply that retention period.

A. Administrative Records

These records are produced in the course of the management of the affairs of the parish.

<u>Records Type</u>	<u>Retention Period</u>
Abstracts, deeds (property)	Permanent
Annual reports to Chancery (<i>Status Animarum</i>)	Permanent
Annual reports to the diocese/parish	Permanent
Articles of incorporation and bylaws	Permanent
Bequest and estate papers (<i>wills</i>)	Permanent
Census records	Permanent
Contracts, inactive	7 years after end of contract
Correspondence, legal	Permanent
Correspondence, official (<i>regarding diocesan/parish policies, diocesan/parish directive, etc.</i>)	Permanent
Correspondence, routine	Review/discard biannually
Donor lists	Permanent
Endowment decrees	Permanent
Finance Committee minutes	Permanent
Historical file (<i>newspaper clippings, photos, etc., related to diocese/parish</i>)	Permanent
Insurance policies	Permanent
Inventories of property and equipment	Permanent
Leases	Destroy 7 years after expiration.
Liturgical minister's schedules (<i>altar servers, ushers, lectors, etc.</i>)	Retain until superseded
Mass intention books	2 years
Office files, subject	Selective retention: retain those that document diocesan/parish administration and activities
Parish council constitutions	Retain until superseded
Parish council minutes	Permanent
Parish organization records (<i>minutes, correspondence, publications, etc.</i>)	Permanent
Photographs (<i>relating to diocesan/parish history, clergy, parishioners</i>)	Permanent
Policy statements	Permanent
Religious education reports (<i>for the diocesan offices</i>)	Permanent
Rosters of parishioners	Permanent
Subject files (<i>correspondence, memos, rules, schedules, etc.</i>)	Annual review; destroy superseded files biannually
Will, testaments, codicils	Permanent

B. Personnel Records

A personnel file should be maintained for each active parish employee. That file should contain the following:

- Employee application
- Resume
- Eligibility verification form (I-9)
- Salary information
- Sick leave taken and accrued
- Vacation record
- Performance evaluations
- W-4 form

These records are *confidential* and should be made available only to diocesan/parish representatives with a legitimate right to know, unless their disclosure is compelled by some legal action. Employees and former employees have the right to inspect their own personnel files. The parish has the right to require that the request be in writing and has a stated number of working days to comply with the request.

Several items likely to be in a personnel file are specifically excluded from mandatory inspection in many states:

- investigation of criminal offenses
- reference letters
- test documents
- materials dealing with staff management planning
- personal information concerning another employee that could, if released, be an invasion of privacy
- records relating to a pending legal claim that would be discoverable in court

Records Type

Retention Period

Benefits

Disability records	Permanent
Pension vesting files	Permanent
Retirement benefits	Permanent
Service records	Permanent

General

Permanent earnings and records	7 years after benefit termination
Attendance records	7 years after termination
Employee contracts	7 years after termination
Employee salary schedules	7 years after termination

Health and safety

Accident/injury reports	7 years
Employee medical complaints	7 years
Employee medical records	30 years from termination
Environmental test records/reports	Permanent
Hazardous exposure records	Permanent
Toxic substance exposure reports	Permanent
Workers' compensation records	12 years after injury (filing), death, or last compensation payment

Lay Personnel actions

Applications rejected	1 year
Employee evaluations	2 years after termination
Personnel files, terminated	7 years
Termination records	7 years

Salary administration

W-2 forms	7 years from time of filing
W-4 forms	7 years from date of filing
Time cards	3 years from date of filing
Time sheets	3 years from date of filing
I-9 form	7 years after termination

C. Financial and Accounting Records

Records Type

Financial

Retention Period

Banking

Bank deposits	7 years
Bank statements	7 years
Cancelled checks	7 years
Check registers/stubs	7 years

General

Audit reports	Permanent
Balance sheets, annual	Permanent
Balance sheets, monthly/quarterly	Destroy after 1 year
Budgets, approved, revised	7 years
Financial reports, annual	Permanent
Financial reports, monthly	Destroy after 1 year
Financial statements	Permanent

Investment/Insurance

Bonds, cancelled	7 years from date of cancellation
Certificates of deposit, cancelled	3 years after redemption
Insurance policies/active	Permanent
Insurance policies/cancelled	Permanent
Letters of credit	7 years
Mortgage records	Permanent
Securities sales	7 years
Stock investment	7 years after sale

Accounting

Accounts payable invoices	7 years
Accounts payable ledgers	7 years
Accounts receivable ledgers	7 years
Credit card statements/charge slips	7 years
Invoices and paid bills, major building construction	Permanent
Invoices and paid bills, general accts	7 years
Cash books	7 years
Cash journals	7 years
Cash journal, receipts on offerings and pledges	7 years
Receipts	7 years
Mortgage payments	7 years
 <i>Other Records</i>	
General ledger/annual	Permanent
Journals, general and specific funds	Permanent
Journal entry sheets	7 years
Ledgers, subsidiary	7 years
Payroll journals	7 years
Payroll registers, summary schedule of earnings, deductions and accrued leave	7 years
Pension records	Permanent
Pledge registers/ledgers	7 years
Permanently restricted gift documents	Permanent
Temporarily restricted gift documents	7 years after meeting restrictions
 <i>Tax Records</i>	
Employment taxes, contributions, and payments, including taxes withheld, FICA	7 years from date of filing
W-2 forms	7 years from date of filing
W-4 forms	7 years from date of filing
IRS exemption determination letters, for organizations other than those listed in <i>The Official Catholic Directory</i>	Permanent
State tax exemption certificates (<i>income, excise, property, sales/use, etc.</i>)	Permanent

D. Property Records

<u>Records Type</u>	<u>Retention Period</u>
Architectural records, blueprints, building designs, specification	Permanent
Architectural drawings	Permanent
Deeds files	Permanent
Mortgage documents	Permanent
Property appraisals	Permanent
Real estate surveys/plots, plans	Permanent
Title search papers and certificates	Permanent

E. Cemetery Records

<u>Records Type</u>	<u>Retention Period</u>
Account cards (<i>record of lot ownership and payments</i>)	Permanent
Annual report	Permanent
Bank statements	7 years
Board minutes	Permanent
Burial cards (<i>record of interred's name, date of burial, etc., alphabetically</i>)	Permanent
Burial record (<i>record of interred's name, date of burial, etc.</i>)	Permanent
Contracts documenting lot ownership	Permanent
Correspondence	Selective retention: keep if item has historical, legal, fiscal value
General ledger	Permanent
Lot maps	Permanent

F. Publications

<u>Records Type</u>	<u>Retention Period</u>
Anniversary books	Permanent
Annual reports to the diocese/parish	Permanent
Newsletters of the diocese/parish or affiliated organizations	Permanent
Other diocese/parish-related publications	Permanent
Parish bulletins	Permanent

G. Sacramental Records

Records Type

Baptism register

Confirmation register

First Communion register

Death register

Marriage register

Marriage case files

Retention Period

Permanent

Permanent

Permanent

Permanent

Permanent

Permanent

APPENDIX D
DIOCESE OF YOUNGSTOWN
OFFERTORY COLLECTION PROCEDURES

- Money is collected by the ushers, placed in one large basket at the end of the main isle, carried to the altar when the Gifts are presented, and it remains on the altar until mass is completed.
- The basket is then brought to the side altar in front of the congregation and the envelopes and money are put into one bank bag and secured with a lock. The money is delivered to the night drop at the bank. Each mass has a separate bag and the procedure is repeated for each mass.
- The locked bags are picked up at the bank on the next business day and signed out by a staff member, normally the maintenance supervisor. The bags are brought back, to the parish in a large concealed bag.
- The money counters along with a staff member unlock all the bags with the keys that remain locked in the office safe and separate all items.
- All money is counted in the same room with a member of the staff present to record the various types of money collected. There are worksheets for the money counters to utilize to make the counting process more efficient. They include a Deposit Slip Summary for Offertory and Other Receipts listing the various contributions that are collected on a weekly basis as well as a Parish Offertory Count Sheet to record the different denominations of cash and checks included in the offertory collection. Both sheets are included in Appendix D.
- All checks are stamped with a deposit only stamp for the checking account and then are added on an adding machine by one money counter and initialed. A second counter verifies the checks to the register tape and initials the register tape once all checks are verified. All cash is banded and the initials of the money counter are included on the money band. A second money counter then recounts the banded money and signs their initials.
- All checks and cash are recorded on a deposit slip and verified by a member of the staff as well as a money counter.
- One money counter takes the deposit to the bank and remains on-site at the bank while the money is counted by an employee at the bank.
- Deposit slips are run in duplicate for each deposit and are returned to the church. The church secretary attaches the deposit slip to the breakdown sheet and distributes one copy to the accountant or bookkeeper to record the deposit in the general ledger cash account and then files one in the office records.
- The bookkeeper records all the contributions into the parish software and balances to the bank deposit. All collections are listed in the weekly bulletin.

**DIOCESE OF YOUNGSTOWN - PARISH OFFERTORY COUNT SHEET
INDIVIDUAL BAG(S) FOR EACH MASS COLLECTION**

Bag #: _____

1st Collection

Mass Date: _____

2nd Collection

Mass Time: _____

2nd Collection Purpose:

Currency Section	Loose Currency	Currency In Envelopes	Total Currency
\$1			
\$2			
\$5			
\$10			
\$20			
\$50			
\$100			
Total Currency			

Coins Section	Loose Coins	Coins In Envelopes	Total Coins
Total Coins			

Checks Section	Loose Checks	Checks In Envelopes	Total Checks
Total Checks			

Total Collection						
------------------	--	--	--	--	--	--

Counted by:

Collection Statistics:

of loose checks _____

of envelopes containing cash _____

of envelopes containing checks _____

Total # of envelopes _____

Print Name

Signature

Verified by:

Print Name

Signature

APPENDIX E

INSTRUCTIONS ON HOW TO OBTAIN A COPY OF THE GROUP EXEMPTION

The United States Conference of Catholic Bishops (“USCCB”) is the central organization holding a group tax exemption under section 501(c) (3) of the Internal Revenue Code. The USCCB Group Ruling establishes that Catholic organizations in the U.S. that are listed in the current edition of the Official Catholic Directory are recognized as exempt from federal income tax under section 501(c)(3) of the Code. Also, a majority of the states within the United States recognize these Catholic organizations as exempt for sales tax and real estate taxes when the property is being used for religious purposes.

Contributions to organizations included in the USCCB Group Ruling are deductible as charitable contributions for federal income, estate, and gift tax purposes.

An organization included in the USCCB Group Ruling does not receive an exemption determination letter from the IRS. Rather, it relies on two documents to prove that it is exempt under the USCCB Group Ruling. These documents are:

- A copy of the current USCCB Group Ruling letter which can be obtained online at the USCCB website
- A copy of the page from the current edition of the Official Catholic Directory on which it is located. If you do not have a copy of the Official Catholic Directory you can purchase one directly from its publisher by contacting 1-800-473-7020. The operator will answer “Marquis Who’s Who”; follow the prompts to get to customer service. If you do not want to purchase a directory you could contact Brenda D’Apolito at the Diocese Finance Office at extension 265 and she could forward you a copy of the page of the directory that the parish needs.

APPENDIX F

DIOCESE OF YOUNGSTOWN PERMISSION TO SPEND FORM (For Capital Expenditures \$10,000 and Greater)

Parish Name _____

Parish Address _____

Parish Phone Number _____

We, the undersigned Pastor and Finance Council of the parish stated above request permission to spend \$ _____ for the following purpose: _____

Of that amount, we will need to borrow \$ _____

Parish Financial Status

(from the most recent certified annual parish financial report)

Total Annual Receipts \$ _____

Total Annual Disbursements \$ _____

Parish Assets (including any endowments) \$ _____

Parish Indebtedness \$ _____

Unpaid Assessments to Diocese \$ _____

_____ We request permission to conduct a Capital Campaign in the amount of \$ _____ to apply toward the amount of the above expenditure and request that these funds be exempt from Diocesan Assessment.

_____ We have reviewed and will be in compliance with the additional information listed on the second page of this form.

Pastor: _____

Finance Council: _____

APPENDIX F

DIOCESE OF YOUNGSTOWN PERMISSION TO SPEND FORM

REMINDER OF KEY DIOCESAN POLICIES

- Union Labor** - If the project cost is \$100,000 or more, you must be in compliance with the "Diocesan Union Labor Contract Policy for Renovations and New Construction," or request an exemption before the project begins.
- Legal Documents** - All contracts must be reviewed by the Diocesan Finance Office, Diocesan Legal Counsel and possibly be signed by the Bishop or his designee.
- Financing** - All financing arrangements must be reviewed by the Diocesan Finance Office and appropriate documents must be signed by the Bishop or his designee.
- Available Cash** - Cash equaling one half of the total project cost must be available before the project can begin.
- Harmless Agreements for** - All contracts must contain insurance and Hold Harmless Clauses or a separate Agreement must be signed (contact Diocesan Finance Office).

	<u>Expenditure</u>	<u>Exemption From Diocesan Assessment</u>
Amount Requested	\$ _____	_____
Amount Approved	\$ _____	_____
Amount Disapproved	\$ _____	_____
Amount More Information is Needed For	\$ _____	_____

Rationale: _____

Vicar General Date

Chief Financial Officer Date

APPENDIX G

NEW HIRE REPORTING CHECKLIST Items to Maintain in Employee Personnel File

Job Application or Resume

Each new employee must submit a resume or job application form. These forms contain information about the new employee that can be verified, like previous employers and education.

Job Description

A clear definition of employee's duties and responsibilities are detailed in a job description. The job description includes the position title, duties and responsibilities, qualifications required for the job and accountability.

The employee must receive a copy of the job description and one should be placed in the employee's personnel file.

Background check and fingerprinting

All employees are bound by the provisions of the Diocese of Youngstown Child Protection Policy.

Employees must be provided with a copy of the Child Protection Policy.

The employee must read the policy and sign an authorization, verification and acknowledgement form. The form must be kept in the employee's personnel file. Employees who have regular contact with children must also be fingerprinted and participate in the "Treasured Gifts from God" training provided by the diocese.

Employee receipt and acknowledgement of Personnel Policies and Procedures

The parish should have a personnel policy and procedures manual that is adopted by the Parish Finance Council.

Each employee should be provided with a copy of the manual and sign a receipt and acknowledgement form that is kept in their personnel file.

I-9 Verification

Employment Eligibility Verification must be completed by each new hire. The new employee must also provide a proof of eligibility, such as a birth certificate or "green card." This form is placed in the personnel file.

The form can be obtained online at: www.uscis.gov/files/form/i-9.pdf

Ohio New Hire Reporting

Federal and State law requires employers to report newly hired and re-hired employees in Ohio to the Ohio New Hire Reporting Center.

The form can be obtained online at: https://oh-newhire.com/files/OH_Form.pdf

This is not applicable for those on centralized payroll as IOI handles this reporting.

Copy of Employee's drivers license and social security card

Form W-4 for Federal Income Tax Withholding

All new hires must complete Form W-4 before receiving their first paycheck. This form includes information on marital status, number of dependents, and designated additional withholding amounts.

This form can be obtained online at: <http://www.irs.gov/pub/irs-pdf/fw4.pdf>

APPENDIX G

NEW HIRE REPORTING CHECKLIST Items to Maintain in Employee Personnel File

IT-4 Ohio Employee's Withholding Exemption Certificate

All new hires must complete Form IT-4 before receiving their first paycheck. This form includes information on public school district, number of dependents, and designated additional withholding amounts.

This form can be obtained online at: www.tax.ohio.gov/portals/0/forms/employer_withholding/generic/with_it4.pdf

City Withholding (if applicable)

Certain cities and villages (municipalities) have local income tax withholding requirements. If your institution is located in a municipality that has a tax then you are required to withhold local income taxes from your employees.

The Ohio Department of Taxation provides a listing of all municipalities that have tax withholding requirements at: <http://www.tax.ohio.gov/municipalities.aspx>

From the above link, on the **Municipality Income Tax – Table of Contents Page** - "**The Finder**" link provides a tool to determine if an address has a municipality tax.

Local School District Withholding (if applicable)

Ohio law requires you determine if an employee lives where a school district income tax in effect. If they do, the employer **must** withhold this tax from the employee's compensation – **even if** you do not conduct business or operations in that school district.

The Ohio Department of Taxation provides a listing of all school districts that have tax withholding requirements at: http://www.tax.ohio.gov/school_district_income.aspx

From the above link, on the **School District Income Tax - Table of Contents Page**, under the School Districts with an Income Tax Section - "**The Finder**" link provides a tool to determine by employee address if they live in a school district that has a tax.)

DOY Employee Benefits Enrollment & Waiver Transmittal

This form lists the benefits participation eligibility requirements for full-time, part-time and temporary status employees, as well as directives for completing online information when eligible benefits are elected or waived.

The Bookkeeper MUST complete and sign this form for ALL EMPLOYEES even if they are not eligible or choose not to participate in the benefits. Remember, the **employee MUST also sign this form.**

Please keep the original form in the employee's personnel file and mail a copy to the Diocese of Youngstown, Employee Benefits Coordinator, 144 West Wood St, Youngstown OH 44503.

The direct link to this online form is:

<http://www.doy.org/images/PDF/OnlineForms/employeebenefitsenrollmentandwaiverandtransmittal.pdf>

Electronic Enrollment Website: youngstowndiocese.hrntouch.com

If the new hire is a full-time benefit eligible employee the bookkeeper must go onto the electronic enrollment site and add the new hire.

The new hire is given the web address and must go onto the system and complete their enrollment on-line.

APPENDIX G

NEW HIRE REPORTING CHECKLIST Items to Maintain in Employee Personnel File

Diocese of Youngstown 403(B) Plan Enrollment Form and Beneficiary Form (if applicable)

If the employee elects to participate in the 403(B) Plan of the Diocese of Youngstown they **must complete the 403(b) Enrollment form AND the Beneficiary Form.**

Keep the original forms in the employee personnel file and mail / fax / or e-mail a copy to Mike Terlecki at the Diocese of Youngstown Financial Services Office, 144 West Wood St, Youngstown OH 44503.

The forms can be accessed from the Diocese of Youngstown Website Financial Services page, in the **403(b) Forms Section** at: <http://www.doy.org/index.php/diocesan-offices/finance>

Direct Deposit Authorization (if applicable)

We suggest that employees have their payroll directly deposited into their bank account to eliminate the use of paper checks.

If the employee participates in direct deposit an authorization form should be signed allowing the parish to deposit the check electronically.

Also, a voided check or deposit slip should be provided to the parish to verify the employee's bank routing and account number.

Emergency Contact Information Sheet

It is important to know emergency contact information for all employees so that if anything were to happen to the employee, the employer knows who to contact. This information should be kept in the employee personnel file.

Other Items to Be Maintained in the Employee Personnel File

- performance evaluations
- awards or citations for excellent performance
- records of attendance or completion of training programs
- any contract or written agreement, receipt, or acknowledgment between the employee and the employer (such as an employment contract or an agreement relating to a company-provided car)
- notes on attendance or tardiness
- warnings and/or other disciplinary actions
- information on complaints against employee
- documents relating to the employee's departure from the institution (such as reasons why the employee left or was fired)
- unemployment documents
- insurance continuation forms

Note: See the Records Retention Guidelines for payroll records you are required to keep.

APPENDIX H

DIOCESE OF YOUNGSTOWN QUICK REFERENCE CONTACT LISTING

(Updated as of April 21, 2015)

<u>Item</u>	<u>Company or Finance Dept. Contact</u>	<u>Phone Number</u>
Property Acquisitions or Sales, Lease Negotiations, Permission to Spend Form	Patrick Kelly, CFO	330-744-8451 x262
Secretary/Contact person for CFO	Brenda D'Apolito	330-744-8451 x265
General Accounting Questions	Christine Jickess	330-744-8451 x266
Centralized Payroll:	IOI Customer Service	888-697-0021
General Questions	Laura Scudier	330-744-8451 x279
New Enrollment	Mike Terlecki	330-744-8451 x260
Employee Benefits & Deductions	Marijo Orbin	330-744-8451 x347
Employee Benefits Coverage:		
Medical, Vision and Dental		
Cobra Health Insurance	Rose Vocature	330-744-8451 x263
Employer-provided Life/LTD		
Voluntary Life Insurance		
Workers Compensation Claims:	Gallagher Bassett Services, Inc.	
Medical Claims Only	Kelli Dailey	614-356-2267
Indemnity Claims	Kevin Fox	614-356-2271
General Questions	Mike Terlecki	330-744-8451 x260
Retirement Plans:		
Frozen Employee Defined Benefit Pension Plan as of 06/30/2011	Findley-Davies, Inc.	1-888-917-7107 (CST)
403(b) Employer Questions (including eligibility and billing)	Mike Terlecki	330-744-8451 x260
403(b) Employee Personal Account	Principal Financial Group	1-800-547-7754 (CST)
Priest Retirement Questions	Mike Terlecki	330-744-8451 x260
Priest Pension Checks	Huntington - Priest Retirement	1-800-545-0703
Property and Liability:		
Claims	Rochelle Reichert, Gallagher Bassett Services, Inc.	1-800-416-1826 x2345
Coverage (including insurance cards, certificates of coverage and property additions/deletions)	Mike Terlecki	330-744-8451 x260

APPENDIX H

DIOCESE OF YOUNGSTOWN QUICK REFERENCE CONTACT LISTING

(Updated as of April 21, 2015)

<u>Item</u>	<u>Company or Finance Dept. Contact</u>	<u>Phone Number</u>
Property Maintenance & Construction	Joseph Kuras	330-744-8451 x294
Parish Financial Reports	Mike Terlecki	330-744-8451 x260
Diocesan Billings (including Diocesan Assessments, High School Quota, Property & Liability Insurance, Unemployment, Workers Compensation, Life/LTD)	Trish Paulin	330-744-8451 x253
Unemployment Quarterly Reports	Marijo Orbin	330-744-8451 x347
School Financial Reports	Laura Scudier	330-744-8451 x279
Diocesan Cemeteries	Christine Jickess	330-744-8451 x266
Information Technology	Matt Pecchia	330-744-8451 x268
Google Apps (including e-mail, calendars and documents)	Darlene Wilms	330-744-8451 x269
Estate Seminars/Offertory Programs	Patrick Palombo	330-744-8451 x325