



Chancery/Pastoral Center

DIOCESE OF GARY

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DIOCESE OF GARY

FINANCIAL POLICIES

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A. GENERAL FINANCIAL POLICIES

EXPENDITURE POLICIES FOR PARISHES AND INSTITUTIONS

Diocese of Gary

The following policies for expenditures in parishes and institutions within the Diocese of Gary is effective immediately, any other policies to the contrary notwithstanding.

- 1. Pastors and Administrators are permitted to expend monies up to the sum of \$50,000.00, with the concurrence of their respective Finance Councils and Parish Pastoral Councils, without the permission of the Bishop or the College of Consultors.**
- 2. All expenditures over the amount of \$50,000.00 up to the amount of \$150,000.00 require the concurrence of the local Finance Council and Parish Pastoral Council and the written permission of the Bishop and/or the Vicar General.**
- 3. Any request to expend funds in excess of the amount of \$150,000.00 will require the concurrence of the local Finance Council and Parish Pastoral Council, written permission of the Bishop, and consultation of the College of Consultors.**

The following guidelines will be effective immediately, any other policies or guidelines to the contrary notwithstanding, when a parish or institution needs to borrow money for the purpose of building or renovation.

- 1. The parish or institution must present a clear plan stating the following:**
 - a. what is being built or renovated;**
 - b. what is the estimated cost of the total project;**
 - c. how payment of the debt will be made using eight years as the maximum length of time for retirement of any debt.**
- 2. Before construction or renovation can begin, the parish or institution must have two-thirds of the total cost of the project on hand.**
- 3. Approval of any loan to parishes or institutions will depend upon the overall financial condition of the diocese as well as the practical financial status of the parish or institution itself.**
- 4. No parish or institution is permitted to borrow money from any outside financial institution or lending agency. Loans may only be taken from the internal bank of the Diocese of Gary.**

No parish or institution is permitted to buy or sell any property without the concurrence of the Consultors.

DIOCESE OF GARY

FOR CHANCERY USE ONLY

EXPENDITURE REQUEST

APPROVED BY _____

NOTICE SENT _____

- Pastors and Administrators are permitted to expend monies up to the sum of \$50,000.00, with the concurrence of their Parish Pastoral Council and Parish Finance Councils, without the permission of the Bishop or of the College of Consultors.
- All expenditures over the amount of \$50,000.00 and up to the amount of \$150,000.00 require the concurrence of the Parish Pastoral Council and Parish Finance Council and the written permission of the Bishop and/or the Vicar General (in response to an Expenditure Request Form).
- Any request to expend funds in excess of the amount of \$150,000.00 will require the concurrence of the Parish Pastoral Council and Parish Finance Council, written permission of the Bishop with the consultation of the College of Consultors.
- Any borrowing requires the permission of the Bishop after consulting with the College of Consultors.

TO THE MOST REVEREND BISHOP OF GARY

We, the undersigned Pastor and Congregation of:

Church

Town

hereby request permission to expend the sum of \$ _____

for the purpose of _____

Now Please complete the Inside Pages

(Copies of bids attached- and/or more detailed information enclosed)

FOR ALL REQUESTS - fill in these two pages

Information Taken From Last Twelve Month Financial Report Dated 30 June 20__

1. Total Ordinary Receipts (Schedule C, No.1 & 2)*\$ _____
2. Total Ordinary Expenditures
(Schedule D Nos. 1-4; 6-13; 15, 17, 20-22)*\$ _____
3. Surplus or Deficit (#1 minus #2 above)\$ _____
4. Total Ordinary & Extraordinary Receipts (Schedule C, Nos. 1 through 12)*...\$ _____
5. Total Ordinary and Extraordinary Expenses
(Schedule D, Nos.1-15; 17;20-22)*\$ _____
6. Surplus or Deficit (#4minus #5 above)\$ _____

**Number corresponds to the number on the Annual Parish Financial Report*

PRESENT FINANCIAL CONDITION AS OF THIS DATE _____

Present Parish Debt Total\$ _____

Current unpaid bills & other liabilities totals\$ _____

Total Debts\$ _____

Savings Deposit with Chancery\$ _____

Other Savings, Assets, etc\$ _____

Total in Checking Account Today\$ _____

Total Reserves\$ _____

Surplus or Deficit - (Reserves minus Debts)\$ _____

Number of Families in Parish _____

Annual Average per Family Giving\$ _____
(Your Ordinary Income divided by the Number of Families)

If Parish will be in debt as a result of this request - What will be the
Total debt obligation.....\$ _____

Added to Reserve Last Year\$ _____

Paid on Debt Principal Last Year\$ _____

METHOD OF FINANCING THE PROJECT

Total Amount of Request.....\$ _____

To be financed as follows:

From Current Funds\$ _____

Special Campaign (Specify on back)\$ _____

Withdrawn from Reserve\$ _____

Amount to be Borrowed\$ _____

Other (Specify)\$ _____

TOTAL\$ _____

We guarantee that the sum stated will fully cover the total cost of the work (or purchase of this property), and that every possible expenditure is contained in our estimate, including the cost of all architect's fees, decorations, and furnishings (such as pews, altars, heating and plumbing fixtures), or external improvement such as roadways, walks and landscaping.

Date

Pastor's Signature

(FINANCE COMMITTEE)

AND

(PARISH COUNCIL)

COMMENTS

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

GUIDELINES FOR BEGINNING A BUILDING PROJECT

Diocese of Gary

- 1. Establish a definition of the parish need as agreed upon by parish committees and particularly the Parish Pastoral Council.**
- 2. Define in general terms how the parish proposes to meet these needs in terms of the general concept of the building, including proposed size and style. Some preliminary estimate of cost based upon discussion with one or more architects should be available at this time. It is assumed that these discussions with architects are exploratory and without cost to the parish.**
- 3. Delineation of current financial status of the parish and proposed means to pay for the intended building project.**
- 4. The Consultors will reach a determination regarding the feasibility of undertaking fundraising for the project and/or engaging an architect.**
- 5. Actual permission to build, spend, and borrow would come at a later time depending upon the success of any fundraising drive which may have been undertaken and the actual results of letting the bids.**

CLARIFICATION OF DIOCESAN POLICY REGARDING SALE OF PARISH PROPERTY

When a parish begins consideration of selling parish property, either land or a building, the following steps are to be followed:

- **The pastor and members of the Parish Pastoral Council and Finance Council must discuss the reason for the sale and how this sale would benefit the parish and/or the diocese. The Parish Pastoral Council and Finance Council must reach a consensus on the sale of the property.**
- **The pastor then sends a letter to the bishop requesting approval for the sale. The letter would include the Council discussion and reasons for the sale. The letter must be signed by the pastor and at least two-thirds of the Parish Pastoral Council and Finance Council.**
- **The bishop would present the letter requesting the property sale to the Diocesan Consultors, seeking their input and recommendations.**
- **The final decision would be made by the bishop who will notify the pastor of his decision.**
- **Parish assets resulting from the sale of property shall not be used to pay parish operating expenses, but will be put into reserves for future capital or other extraordinary needs.**

Policy updated by Bishop Dale J. Melczek and Diocesan Consultors: April 12, 2010

DIOCESAN POLICY FOR PARISH RENTAL

Before a parish can lease any property, e.g., a rectory, convent or school, to a person or organization, the pastor would need to do the following:

- **Discuss the particulars of the rental with the Parish Pastoral Council.**
- **If a consensus emerges from the discussion, then the pastor would write to the bishop seeking authorization to lease the property. The letter would contain the signatures of the Parish Pastoral Council members.**
- **If the bishop believes it is necessary, the request would go to the Diocesan Consultors before giving authorization.**
- **The Leasee must provide a certificate of liability insurance in which "the parish and the Catholic Diocese of Gary are an additional insured under the General Liability Insurance," for \$1,000,000 each.**
- **A copy of the contract and the liability certificate must be provided for the parish property file at the diocese.**
- **Before the lease is signed, the parish must review it with the diocesan Property Coordinator and the diocesan attorney.**

**Approved at the Priests' Council meeting on September 8, 2010.
Promulgated by Bishop Dale J. Melczek on September 8, 2010.**

PARISH FINANCE COUNCIL

Diocese of Gary

The Parish Finance Council is a group of men and women parishioners who assist the pastor and Parish Pastoral Council in forming sound policy for the administration of the parish's temporal goods, that is, its financial resources, buildings, and grounds.

I. PURPOSE

- A. The Parish Finance Council acts as a consultative body to the pastor and Parish Pastoral Council for matters of major financial concern. The Parish Finance Council advises the pastor and Parish Pastoral Council concerning the administration of the parish goods, according to Canon Law and diocesan directives, policies, and norms.**
- B. Canon 537 states that the Parish Finance Council is to "help the pastor in the administration of the goods of the parish..."**
- C. Its members are to form a community of faith and shared responsibility, to discern through prayer and study how the goods of a parish can best be administered.**
- D. Although its members function as a consultative group to the pastor and Parish Pastoral Council, the pastor has a ministry of leadership and remains the juridic authority for final decisions.**

II. MEMBERSHIP

- A. The Parish Finance Council is composed of men and women of faith and integrity, skilled in financial and business matters, who are committed to the mission of the Church.**
- B. Four to seven members of the parish are to be appointed by the pastor for specific fixed terms; staggered terms are recommended. Service on the Council should not exceed two consecutive terms.**
- C. At the end of the first term, members can be reappointed or terminated in this role by the pastor; if unusual circumstances require it, the pastor may appoint new members or make replacements to the Parish Finance Council at any time.**
- D. The pastor may establish subcommittees to function according to the needs of the parish; i.e., salary and benefits, budgeting, building and grounds, maintenance, etc.**

III. RESPONSIBILITIES

The Council shall:

- A. Conduct a periodic review of parish income and expenditures.**
- B. Provide the Parish Pastoral Council and parishioners with periodic reports on the financial situation of the parish; i.e., quarterly, semiannually, or annually at the direction of the pastor.**
- C. Study parish revenues and make recommendations to the Parish Pastoral Council vis-à-vis parish priorities which the Parish Pastoral Council has established.**

- D. Apprise the Parish Pastoral Council of financial conditions and observable trends.**
- E. In accordance with the goals and objectives set by the Parish Pastoral Council, coordinate preparation of the annual parish budget.**
- F. Approve the annual financial report for submission to the Parish Pastoral Council and then to the diocese.**
- G. Review all banking arrangements, auditing, capital expenditures, and contracts, excluding teachers' contracts, for compliance with existing laws and regulations.**

IV. RELATIONSHIPS

A. Pastor:

The pastor has the lead responsibility for the administrative operation of the parish. The Parish Finance Council does not involve itself directly in the administration, for example, of the school, the catechetical programs, etc. The relationship of the Parish Finance Council to all parish groups is one of service and consultation.

The pastor consults with the Parish Finance Council in the following matters:

- the management of those parish funds and monies which the parish is authorized to retain and manage;**
- unbudgeted expenditures of parish resources in excess of \$5,000;**
- expenditures in excess of \$10,000 must be approved by both the Parish Finance Council and the Parish Pastoral Council before the bishop will approve a pastor's request for expenditures of parish resources.**

B. Parish Pastoral Council:

The Parish Finance Council relates to the Parish Pastoral Council through the person of the pastor. A cooperative relationship will include respect for the responsibilities of each respective Council and open communication between them.

C. Commissions, Committees, and Parish Ministries:

The Parish Finance Council provides a ministry of service for Commissions, Committees, or Parish Ministries.

Committees which presently operate outside the overall parish budget are encouraged to develop annual budgets which they submit to the Parish Finance Council for coordination and submission to the Parish Pastoral Council.

- After parish ministries have developed their separate budgets, they are sent to the Parish Finance Council.**
- The Parish Finance Council, upon review of all budgets, will present a total coordinated parish budget to the Parish Pastoral Council for approval.**
- The Parish Pastoral Council will make the final budget recommendation to the pastor.**

PROACTIVE PROCESS FOR PARISHES IN FINANCIAL DIFFICULTY

If on September 1st of any fiscal year a parish has not yet paid its past due diocesan bills from the previous fiscal year, ending June 30th, the following steps will be taken:

- 1. Letter to pastor inquiring about the reasons for slow payment**
- 2. Intervention by the Diocesan Finance Office:**
 - a. analysis of problem**
 - b. projection of possible future deficit**
 - c. proposal of possible solutions/courses of action**
- 3. Presentations/discussions of the above at parish level**
 - a. Parish Finance Council**
 - b. Parish School Board**
 - c. Parish Pastoral Council**
 - d. parishioners**
- 4. Presentation by the parish to the Consultors of:**
 - a. agreed on course of action to correct financial difficulty**
 - b. amount needed as a loan to cover projected pre-correction deficits**
 - c. repayment plan/agreement**
- 5. Consultors**
 - a. further discussion**
 - b. acceptance of analysis/projections/solutions**
 - c. approval of loan to cover temporary deficits**
(agreement must be signed by the pastor, Parish Pastoral Council Chairperson, and Finance Committee Chairperson)

**Approved at Priests' Council Meeting of June 7, 1993.
Promulgated by Bishop Dale J. Melczek June 8, 1993.**

**B. CLERGY
COMPENSATION AND BENEFITS**

PRIESTS' COMPENSATION

Diocese of Gary

As Written
September 11, 1995

PHILOSOPHY OF COMPENSATION FOR PRIESTS

By their vocation, priests are called "to serve Christ the Teacher, priest, and Shepherd in His ministry which is to make His own Body, the Church, grow into the people of God (Ordination Rite). They are consecrated "to sanctify the Christian People and to offer sacrifice to God" (Ibid). They are to exercise their ministry professionally and with competence.

Priests are first and foremost disciples of Jesus. They are co-workers with the order of bishops in the mission of continuing Jesus' work as Teacher, Priest, and Shepherd. As the Rite of Ordination indicates, they are "to be molded into the likeness of Christ, the supreme and eternal Priest." They pledge themselves to follow Jesus so closely as to become gradually completely identified with the person of Jesus who "loved the Church and gave Himself up for her" *(Eph 5:25) and with His mission. As servants of the Word of God, their lives should be singularly characterized by the gift of self and an attitude of loving service.

Priests are to be witnesses to the radical teachings of Jesus on liberating salvation. Their prophetic and pasturing activities require integrity for their credibility. There must be an honesty and harmony between who and what they proclaim and why and how they live. Among other virtues, who they are request simplicity of lifestyle.

Priests should receive adequate income appropriate to free them from concern about the necessities of life so that they are best able to perform the ministry to which they are called. The level of priests' support or compensation should not only free them up for ministry, but also should provide for an adequate lifestyle; not a luxurious lifestyle, but one of appropriate dignity during their years of active ministry and during retirement.

MONTHLY COMPENSATION

Please see attached. "SUPPORT SCALE FOR PRIESTS OF THE DIOCESE OF GARY OVER AND ABOVE ROOM AND BOARD." One side of the sheet indicates the scale for priests who elect to surrender stipends and stole fees to the parish and the opposite side of the sheet indicates the scale for priests who choose not to surrender stipends and stole fees. Priests with extra responsibilities based upon additional assignments by the bishop which normally take a priest to another location where he spends considerable time with duties other than his Parish assignment such as teaching, chaplaincy, diocesan office positions, will be recognized with a modest additional monthly compensation provided by a four tier system. "Additional Assignments" as defined here would not include occasional work for diocesan offices, e.g., less than one day per week. Under this approach, priests with extra assignments will not receive a further supplemental allowance as in the past. They will be reimbursed by the diocese or place

of additional assignment for what could be considered excessive required travel and other directly related expenses.

Since July 1997, the monthly compensation and car allowance is adjusted annually according to a number of factors including appropriate elements of the Consumer Price Index. The compensation and car allowance is reviewed each January or February so that adjustments will be announced in time to be incorporated into the parish budget for the following fiscal year.

STIPENDS AND STOLE FEES

In order that the priest's income be appropriately separated from acts of ministry, especially sacramental ones, and in order that there be better equity in the compensation of priests, it is urged very strongly that all stipends and stole fees become the property of the Parish and that priests accept instead a monthly supplement (as indicated on the attached Support scale). However, all priests ordained after 1995 must surrender stipends and stole fees.

RETREAT ALLOWANCE

Each priest in the diocese is expected to make a retreat with his brother priests each year at the Joseph and Mary Retreat House (formerly the Cardinal Stritch Retreat House) in Mundelein. The retreat stipend (the current figure is found on the attached Support Scale) may be made directly to the retreat house from the parish. Priests wishing to make another retreat in the same year may take up to one additional week for that purpose and may be reimbursed by the parish from the continuing education allotment.

CONTINUING EDUCATION ALLOTMENT

All priests in active ministry are expected to attend the study days and workshops sponsored by the diocese for their continuing professional formation. All priests engaged in active ministry are also expected to participate in the Convocation which will be scheduled for all priests every two years. The lunch fee charged for the study days and one third share of the Convocations assessed to the individual priests may be reimbursed to the priest from the allotment indicated on the attached Support Scale. Expenses toward educational seminars, private retreats, professional books and periodicals may also be reimbursed from this fund by presenting receipts to the bookkeeper. Such receipts are to be kept on file in the parish.

ANNUAL PHYSICAL

In accordance with established policy – priests over age 40 are to have an annual physical and priests under age 40 have the option of using this benefit every second year – the priest is entitled to draw up to \$250 from the parish upon presentation of receipt for such physicals.

HEALTH AND LIFE INSURANCE

The health and life insurance premium (the current figure is found on the attached Support Scale) is paid by the parish on the priest's behalf.

AUTO INSURANCE

The priest's auto insurance premium (the current figure is found on the attached Support Scale) is paid by the parish on the priest's behalf.

AUTO EXCISE TAX REIMBURSEMENT

The priests may be reimbursed from the parish (the current figure is found on the attached Support Scale) for monies paid for excise tax upon presentation of receipt.

CLERGY RETIREMENT

The Priests' Pension Plan was promulgated on June 7, 1993, amended on September 9, 1993, and updated and amended on August 29, 2006 and June 2018. Attached you will find a sheet titled "Senior Priest Compensation" which indicates the retirement benefit, the health and life insurance premium, the amount allotted for an annual physical, the auto insurance premium, and cost of retreat.

SOCIAL SECURITY TAXES

The priest is entitled to reimbursement for one-half of the SECA tax which he is obligated to pay on the salary derived from the parish.

INCENTIVE TO RETIREMENT SAVINGS

It is expected that all priests pay into Social Security in order that they might derive its benefits at the appropriate time including Medicare. Over and above Social Security, it is anticipated that priests set aside modest retirement savings in an Individual Retirement Account (IRA) or a Tax Shelter (403b) Annuity (TSA). To encourage this approach, the primary assignment source will match the priest's retirement savings contributions on a \$1 for \$1 basis up to a maximum amount of \$1,200 per year. In other words, every \$1 a priest contributes to his IRA or TSA would be matched by \$1 from the parish to a maximum of \$1,200 match. This encourages priests to accumulate \$2,400 yearly toward retirement. The assignment source makes its reimbursement to the priest after presentation of documentation of the priest's contribution to an IRA or TSA.

PRE-ORDINATION COLLEGE DEBTS

For those who have college debts, the diocese will reimburse the priest with such debt payments on the basis of one-half of the student loan debt payment due each of the first five years after ordination and for the total annual loan payment beginning in the six year.

SUPPORT SCALE FOR PRIESTS OF THE DIOCESE OF GARY OVER AND ABOVE ROOM AND BOARD

THIS SCALE IS FOR PRIESTS WHO CHOOSE **NOT TO SURRENDER** STIPENDS, STOLE FEES TO THE PARISH

Effective July 1, 2023

	1 Salary	2 Car Allowance	3 Total Monthly Support	4 ANNUAL 1/2 FICA tax (taxable income)	5 ANNUAL IRA match (taxable income)	6 Total Annual Support (taxable income)
Associate Pastor	1,575.66	636.10	2,211.75	2,030.39	1,200.00	29,771.44
Associate Pastor with Additional Assignments	1,668.38	636.10	2,304.48	2,115.52	1,200.00	30,969.31
Pastor	1,807.42	636.10	2,443.52	2,243.15	1,200.00	32,765.39
Pastor with Additional Assignments	1,900.07	636.10	2,536.17	2,328.21	1,200.00	33,962.27

7 Clergy Retirement	8 Continuing Education	9 Retreat	10 Auto Insurance	11 Health & Life Insurance	12 Annual Physical	13 Excise Tax	14 Total Support & Benefits & Reimbursements
12,345.00	1,000.00	500.00	780.00	13,020.00	250.00	235.00	57,901.44
12,345.00	1,000.00	500.00	780.00	13,020.00	250.00	235.00	59,099.31
12,345.00	1,000.00	500.00	780.00	13,020.00	250.00	235.00	60,895.39
12,345.00	1,000.00	500.00	780.00	13,020.00	250.00	235.00	62,092.27

Additional explanations for calculations shown in above columns:

Column #3= the total **monthly** support paid to the Priest by the Parish.

Column #4=annual amount which the parish or institution reimburses the priest for FICA/SECA tax. This amount represents one half of the total Self Employment tax on his **annual** support only, exclusive of income from any other source (i.e. investments, etc.) A copy of your schedule SE(1040) could be used as documentation for reimbursement.

As a reminder, no FICA withholding tax is be taken from the priest's paycheck. However, additional federal withholding tax can be requested to offset the priest's FICA/SECA tax liability as calculated on his annual income tax return. Alternatively estimated quarterly payments can be made to cover the FICA/SECA tax liability.

The above chart indicates a monthly payment of FICA/SECA through the payroll process, however is subject to a reconciliation and additional payment to the priest of the total annual FICA/SECA based on the priest personal tax return.

Column #5= the maximum amount of match to individual retirement savings on a one-to-one basis, upon evidence of contribution to an IRA account.

Column #7= 2023-2024 retirement amount for each priest. In this fiscal year \$10,800 annually (\$900 on a monthly basis is paid by the parish) and \$1,545 is paid by the CSA.

Column #8= the amount the Priest may be reimbursed for continuing education, upon submission of a paid invoice.

Column #9= the amount the parish provides to cover the expense of diocesan retreat upon submission of documentation.

Column #10= the annual amount the parish is charged for the priest's auto insurance; \$65.00 will be the monthly amount billed.

Column #11= the annual cost to cover the priest's health and life insurance. \$1,085.00 will be billed monthly to the Parish. The Diocese of Gary subsidizes the health insurance reserve.

Column #12= the amount of reimbursement to the priests for their annual physical upon submission of paid bill(s).

Column #13= the amount the priest can be reimbursed from the parish at the renewal of annual auto registration.

Column #14= the total support and benefits the priest receives in a given year in addition to his room and board and if applicable, college tuition debt funding.

Senior Priests' Monthly Pension Stipend is \$2048.00 as of July 1st, 2023

1) Please note, Room and Board is not quantified on this schedule. Please determine the value of your living quarters and report it for self employment purposes only, for example the average rental of a one bedroom in Indiana is estimated at \$635/per month or an annual fair value of \$7,600 which is a recommended number to be used. You can increase or decrease this estimate based on your living space. Please be advised that you will be paying social security and Medicare tax on this fringe benefit which will ultimately be returned to you upon retirement through the social security benefit program.

2) If funding for college tuition debt is received, this dollar amount is taxable for federal income tax purposes.

PLEASE TURN PAGE FOR SUPPORT SCALE FOR PRIESTS WHO ELECT TO SURRENDER STIPENDS AND STOLE FEES

SUPPORT SCALE FOR PRIESTS OF THE DIOCESE OF GARY OVER AND ABOVE ROOM AND BOARD

THIS SCALE IS FOR PRIESTS WHO CHOOSE TO SURRENDER STIPENDS, STOLE FEES TO THE PARISH

Effective July 1, 2023

	1 Salary	2 Car Allowance	3 Stipend & Stole Fee Alternative	4 Total Monthly Support	5 ANNUAL 1/2 FICA tax (taxable income)	6 ANNUAL IRA match (taxable income)	7 Total Annual Support (taxable income)	8 Clergy Retirement	9 Continuing Education	10 Retreat	11 Auto Insurance	12 Health & Life Insurance	13 Annual Physical	14 Excise Tax	15 Total Support & Benefits & Reimbursements
Associate Pastor	1,575.66	636.10	507.65	2,719.41	2,496.42	1,200.00	36,329.33	12,345.00	1,000.00	500.00	780.00	13,020.00	250.00	235.00	64,459.33
Associate Pastor with Additional Assignments	1,668.38	636.10	507.65	2,812.14	2,581.54	1,200.00	37,527.18	12,345.00	1,000.00	500.00	780.00	13,020.00	250.00	235.00	65,657.18
Pastor	1,807.42	636.10	507.65	2,951.17	2,709.18	1,200.00	39,323.27	12,345.00	1,000.00	500.00	780.00	13,020.00	250.00	235.00	67,453.27
Pastor with Additional Assignments	1,900.07	636.10	507.65	3,043.83	2,794.23	1,200.00	40,520.15	12,345.00	1,000.00	500.00	780.00	13,020.00	250.00	235.00	68,650.15

Additional explanations for calculations shown in above columns:

Column #4= the total **monthly** support paid to the Priest by the Parish.

Column #5=annual amount which the parish or institution reimburses the priest for FICA/SECA tax. This amount represents one half of the total Self Employment tax on his annual support only, exclusive of income from any other source (i.e. investments, etc.) A copy of your schedule SE(1040) could be used as documentation for reimbursement.

As a reminder, no FICA withholding tax is taken from the priest's paycheck. However, additional federal withholding tax can be requested to offset the priest's FICA/SECA tax liability as calculated on his annual income tax return. Alternatively estimated quarterly payments can be made to cover the FICA/SECA tax liability.

The above chart indicates a monthly payment of FICA/SECA through the payroll process, however is subject to a reconciliation and additional payment to the priest of the total annual FICA/SECA based on the priest personal tax return.

Column #6= the maximum amount of match to individual retirement savings on a one-to-one basis, upon evidence of contribution to an IRA account.

Column #8= 2023-2024 retirement amount for each priest. In this fiscal year \$10,800 annually (\$900 on a monthly basis is paid by the parish) and \$1,545 is paid by the CSA.

Column #9= the amount the Priest may be reimbursed for continuing education, upon submission of a paid invoice.

Column #10= the amount the parish provides to cover the expense of diocesan retreat upon submission of documentation.

Column #11= the annual amount the parish is charged for the priest's auto insurance; \$65.00 will be the monthly amount billed.

Column #12= the annual cost to cover the priest's health and life insurance. \$1,085.00 will be billed monthly to the Parish. The Diocese of Gary subsidizes the health insurance reserve.

Column #13= the amount of reimbursement to the priests for their annual physical upon submission of paid bill(s).

Column #14= the amount the priest can be reimbursed from the parish at the renewal of annual auto registration.

Column #15= the total support and benefits the priest receives in a given year in addition to his room and board and if applicable, college tuition debt funding.

Senior Priests' Monthly Pension Stipend is \$2048.00 as of July 1st, 2023

1) Please note, Room and Board is not quantified on this schedule. Please determine the value of your living quarters and report it for self employment purposes only, for example the average rental of a one bedroom in Indiana is estimated at \$635/per month or an annual fair value of \$7,600 which is a recommended number to be used. You can increase or decrease this estimate based on your living space. Please be advised that you will be paying social security and Medicare tax on this fringe benefit which will ultimately be returned to you upon retirement through the social security benefit program.

2) If funding for college tuition debt is received, this dollar amount is taxable for federal income tax purposes.

PLEASE TURN PAGE FOR SUPPORT SCALE FOR PRIESTS WHO ELECT NOT TO SURRENDER STIPENDS AND STOLE FEES

COMPENATION FOR SENIOR PRIESTS

Diocese of Gary

July 1, 2006

Senior Priests receive \$1,200.00 per month (\$14,400 per year) and the following benefits:

Health Insurance Premium (supplemental to Medicare)	\$324 per month (\$3,888 per year)
Auto Insurance Premium	\$55.84 per month (\$670.08 per year)
Annual Physical	\$250.00
Annual Retreat	\$375.00

Total Annual Support	\$19,583.08
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Bishop of Gary

DIOCESE OF GARY

9292 BROADWAY
MERRILLVILLE, IN 46410-7088

219-769-9292
FAX: 219-769-2066

September 18, 2013

Dear Monsignor/Father:

At the May 21, 2013 meeting of the Priests' Council, Father David Kime was assigned to chair a committee of priests which would make recommendations for consideration at the September 11th Priests' Council meeting to update diocesan policy for the remuneration for sacramental assistance provided by senior priests and religious priests.

Having heard the recommendations of the committee and the discussion at the September 11th meeting, effective September 21, 2013, the diocesan policy for remuneration for sacramental assistance is as follows:

- **Weekend Mass** \$60 per each weekend Mass plus a \$10 stipend for each weekend Mass for which a stipend has been offered

Canon 951 stipulates that a priest may retain the stipend for only one Mass per day. The priest receiving a second stipend on a given day is responsible to send that second stipend to the Diocesan Finance Office indicating that it is to be given to the Bishop's Bursar for the education of seminarians. The accumulation of such second stipends should be remitted to the Diocesan Finance Office at least quarterly should there be any accumulation.

- **Weekday Mass** \$25 per weekday Mass plus a \$10 stipend if a stipend has been offered for the Mass
- **Sacrament of Reconciliation** \$25 for assistance with the Sacrament of Reconciliation
- **Mileage Reimbursement** \$.50 per mile for all actual miles driven to and from the parish*

*The IRS has three categories for mileage reimbursement: business \$.55; charity \$.14; Medicare and moving \$.23. It is clear from the manner in which we compensate teachers and other parish and school personnel that we do not place ourselves in the "business" category. Generally, we try to match non-profit and charitable institutions in our compensation. Given the low rate of mileage reimbursement for "charity," we will compensate at the rate of \$.50 per mile. There is no minimum mileage requirement as in the past.

As was indicated at the Priests' Council meeting, this increased scale will place a hardship on several smaller parishes. In such parishes, consideration should be given for weekdays when the priest is away to schedule Liturgy of the Word with Holy Communion or Morning Prayer from the Liturgy of the Hours. An alternative where other parishes are nearby is to encourage parishioners to participate at weekday Mass at a neighboring parish during the absence of the parish priest.

With all best wishes, I am

Faternally yours in the Lord Jesus,

Bishop of Gary

DJM/vm

LIVING ARRANGEMENTS

Diocese of Gary

March 1993

I. Rectory Living Conditions

Living arrangements for ordained ministers should provide hospitality, freedom, privacy, and the space necessary to live in a manner that enables him to minister with care, peace, and enthusiasm. While each priest is unique, all priests are presumed to be mature, spiritually healthy, and committed to serving the people of God. Difficulties in establishing living conditions that are conducive to personal growth and happy priestly ministry are properly addressed by sensitive pastoral listening, compassionate response, and prompt professional attention where indicated.

In consequence of this statement of principle, here follow some guidelines for rectory living conditions.

- A. The rectory is the common home of priests assigned to the parish.**
- B. There should be a mutual respect for each priest's legitimate lifestyle and right to privacy.**
- C. As a courtesy, priests should keep each other informed as to their absence from the rectory.**
- D. Each priest has the right to receive family members and adult guests (21 years of age and older) into his private living quarters, while respecting the privacy of other members of the household. (See Special Protocol concerning Sexual Misconduct)**
- E. Lateness of the hour away from the rectory is the priest's personal responsibility.**
- F. A common lounge (sitting room) for all priests is recommended for fostering community and common prayer.**
- G. Regular meal sharing, provided by the parish, is an opportunity to foster friendship and communication (given varying schedules). When meals cannot be shared in common in the rectory, each priest should be reimbursed for meals, upon presentation of receipt, up to \$20.00 per working day.**
- H. Common living quarters are only open to persons invited by the priest(s).**
- I. Legitimate housekeeping needs, as agreed upon by the priests, should be provided by the parish.**
- J. Financial accountability and proper stewardship of parish resources are expected. Thus, the priest(s) must be forthright in reporting adequate and suitable financial costs. Diocesan insurance requires an inventory of a priest's personal belongings – this inventory should be updated yearly. All items not included in such an inventory are presumed to belong to the parish.**

- K. The rectory is foremost the home of the priest(s). This is a priority, even though there should be respect and sensitivity to non-clerical employees (cook, housekeeper, secretary, etc.)**
- L. Household pets should not infringe upon the privacy and well being of other priests in the rectory, nor limit access of parishioners to the rectory.**

II. Rectory Working Conditions

The priest is entitled to expect competent personnel with the facilities and equipment necessary to conduct ministry in an adult, professional manner. A consistent standard for conducting parish business and operating parish offices should be expected.

In consequence of this statement of principle, here follow some guidelines for rectory working conditions.

- A. Each priest is to be responsible for making certain that he is available to his people.**
- B. Each priest should have access to an office for counseling and private instruction, distinct from his living quarters.**
- C. Each priest should have access to parish files, record books, and equipment.**
- D. Secretarial help should be available to all priests for the work of the parish.**
- E. There should be adherence to all agreed upon office procedures among all priests.**
- F. Areas of responsibility of all members of the staff (e.g., secretary, housekeeper, etc.) should be clearly defined and agreed upon by the staff and priests.**
- G. Confidentiality should be preserved at all times by the priest(s) and the staff.**
- H. Answering doors and phones, etc., should not be the consuming responsibility of priest(s). They should be willing to do so when necessary. Communicating messages is an expected courtesy.**

**Approved at Priests' Council meeting of February 22, 1993.
Promulgated by Most Reverend Dale J. Melczek on March 2, 1993**

REVISED September 2006

PENSION PLAN FOR PRIESTS OF THE DIOCESE OF GARY

Section I

- 1.1 The Bishop of Gary, with the consultation and advice of the Priests' Council, does hereby establish a Priests' Pension Plan for the benefit of all priests incardinated in the Diocese of Gary.**
- 1.2 The name of the Plan shall be the Diocese of Gary Priests' Pension Plan.**
- 1.3 The effective date of the Diocese of Gary Priests' Pension Plan shall be July 1, 1993.**

Section II

- 2.0 The following words and phrases as used in the Plan, unless a different meaning is clearly required by the context, shall have the following meanings:**
- 2.1 "Pension Plan" or "Plan" shall mean the Diocese of Gary Priests' Pension Plan established herein.**
- 2.2 "Bishop" shall mean the Catholic Bishop of the Diocese of Gary, Indiana, or his duly appointed successor.**
- 2.3 "Pension Board" or "Board" shall mean a Board comprised of the Bishop, Vicar General, Diocesan Director of Finance, three (3) priests elected by the presbyterate, and two (2) lay members appointed by the Bishop.**
- 2.4 "Participant" shall mean any priest incardinated in the Diocese of Gary.**
- 2.5 "Retiree" shall mean any retired participant who receives a retirement benefit under the provisions of the Plan.**
- 2.6 "Retirement benefit" shall mean a monthly amount provided by the Plan and approved by the Pension Board and the Bishop.**
- 2.7 "Disability retirement benefit" shall mean a monthly amount provided by the Plan and approved by the Pension Board and the Bishop.**
- 2.8 "Fund" shall mean such assets as shall be set aside as a reserve for the payment of retirement benefits under provisions of the Plan.**
- 2.9 "Total Disability" shall mean that a participant, for medical or psychological reasons, is unable to perform his regular pastoral duties, as determined by the Priests' Pension Board and the Diocesan Bishop.**

Section III

Pension Board

- 3.1 The general administration, management, and responsibility for the proper operation of the Plan and making effective its provisions is vested in the Pension Board.**

Board Members' Terms

- 3.2** The term of office for elected Pension Board Members shall be three (3) years, with terms staggered to expire annually. No elected Board Member shall serve more than two (2) full consecutive terms.

Vacancy on Board: How Filled

- 3.3** Any Board Member may resign from the Pension Board at any time by filing written notice of his resignation with the Board. If a Board Member fails to attend three consecutive meetings of the Board, unless in each case excused for cause by the Bishop, he shall be considered to have resigned from the Board. If a vacancy occurs in the position of Board Member, the vacancy shall be filled for the unexpired portion of the term in the same manner as the vacated position was previously filled.

Pension Board Officers

- 3.4** The Bishop shall be Chairman ex-officio of the Pension Board. The Vicar General and Diocesan Director of Finance shall serve as ex-officio members. The Board shall appoint one of the Board Members to act as Secretary.

Duties of the Board

- 3.5** The duties of the Board shall include the adoption of amendments to the Plan, the interpretation of the provisions of the Plan, the preparation or further revision of any rules and regulations which may become necessary in the operation of the Plan, the determination of how and when retirement benefits and disability retirement benefits shall be paid, the reviewing of a detailed accounting of all income and expenditures, and the performance of any other duties as may be required for the proper administration of this Plan in accordance with the terms outlined in this document. The Board will ensure that actuarial studies are conducted at frequencies not to exceed three years.

Board Meetings: Quorum: Vote

- 3.6** The Pension Board shall hold meetings regularly, at least annually. Five (5) Board Members shall constitute a quorum at any meeting of the Board, those five (5) members minimally being two (2) elected priests, one (1) lay member and two (2) Diocesan Officers and a majority of those voting shall be necessary for a decision by the Board.
- 3.7** The decision of the Board in matters within its jurisdiction shall be final, binding and conclusive upon each participant, former participant, and every other person or party interested and concerned.

Decision of the Board relating to the monthly amount of retirement benefit payments or disability retirement payments and of the funding of the Plan shall be subject to the approval of the Bishop, who may choose to seek the advice of the Priests' Council and Diocesan Finance Council.

Reports to the Bishop and Priests

- 3.8** After its annual review of the detailed accounting of all income and expenditures of the Plan, the Board will provide a report to the presbyterate.

SECTION IV

Eligibility

- 4.1 Every diocesan priest shall participate upon incardination in the Diocese of Gary.

Normal Retirement Benefit

- 4.2 A participant attaining age 70, canonically in good standing and who has served continuously as a priest incardinated in the Diocese of Gary for at least 20 years, may retire and receive a normal retirement benefit as determined by Section 5.1 of the Plan.

Reduced Retirement Benefit

- 4.3 (a) A participant attaining age 70 and who has served continuously as a priest incardinated in the Diocese of Gary for less than 20 years will receive a benefit prorated to the actual number of years served in a ratio to 20 years.

(b) The monthly retirement benefit paid to a participant according to the provisions of Section 5.1 shall be offset by the amount of a pension payable to the participant from his participation in a non-contributory retirement plan provided the participant through another priestly ministry.

(c) The monthly retirement benefit paid to a participant according to the provisions of Section 5.1 shall be reduced if the institution employing the participant, or the participant himself, shall fail to make the annual contribution to the fund as provided in Section 6.1. The reduction shall be a fraction determined by dividing the number of years for which no required annual contribution was made, by the number of years, but not less than 20, between the participant's age when he was incardinated in the Diocese of Gary and age 70.

Expanded Benefit (January 1, 2004)

- 4.4 An assigned priest, obviously in good canonical standing and who has served continuously as a priest incardinated in the Diocese of Gary for at least 20 years, may receive the pension stipend or any portion thereof, in addition to his priest's compensation from his place of assignment, when he attains the age of 70.

At the recommendation of the Pension Board, the benefits for such priests receiving both pension stipend and the priest's salary would continue to be paid from the place of assignment. Furthermore, the place of assignment would continue to make benefit payments to the Pension Plan until the priest retires from the assignment and receives Senior Priest status.

Assigned priests who are currently age 70 or over and satisfy the above-mentioned requirements of the Pension Plan, and who wish to receive all or a portion of the pension stipend, should write to the Diocesan Director of Finance indicating their current age, that they have actively served in the Diocese of Gary for "x" number of years, and that they would like to receive all or whatever portion of the monthly pension stipend that they wish to receive.

Disability Retirement Benefit

- 4.5 (a) Upon application to the Pension Board and with the approval of the Bishop, a participant who is determined to be totally disabled from service as a priest may receive a disability retirement benefit equal to the normal retirement benefit as determined by Section 5.1 of the Plan. The Board may request confirming medical evidence.

- (b) Upon application to the Pension Board and with the approval of the Bishop and subject to the submission of confirming medical evidence acceptable to the Board, a participant granted early retirement by the Bishop for mitigating reasons of health and who has met the other Plan requirements would receive a normal monthly benefit reduced by \$10.00 for each year below retirement age. The Board may request confirming medical evidence.

Termination

- 4.6 Benefits payable to participants from the Plan shall terminate upon a participant's death.

Commencement and Termination of Retirement Benefit Payments to Members

- 4.7 Benefit payments to participants shall begin and be disbursed as follows:
 - (a) The first payment shall be due on the last day of the month in which the participant retires.
 - (b) The last payment shall be due on the last day of the month in which the participant dies or shall be due in the month in which a participant receiving a disability retirement benefit returns to active service as a priest.

Section V

Monthly Benefit

- 5.1 Monthly normal and early retirement benefits payable under provisions of the Plan shall be in amounts as determined by the Board and approved by the Bishop.

Payment of Benefits

- 5.2 Retirement benefits provided for under the plan shall be paid from the Fund at the direction of the Board.

Section VI

Funding

- 6.1 Funding for the Priests' Retirement Plan shall be provided by a contribution from the institution employing the participant, such contribution to be set annually by the Pension Board in a total amount determined to be sufficient to keep the Fund in actuarial balance.
- 6.1 (a) The institution is no longer required to provide a contribution to the plan for an associate who has reached retirement age as specified by the plan.*

The Fund

- 6.2 Plan assets shall be deposited in a separately maintained account and invested in accordance with the objectives of the Plan by Investment Managers engaged by the diocese and overseen by the Diocesan Finance Council.
- 6.3 The Fund shall not be liable in any manner for, or subject to, the debts or liabilities of any participant or former participant. No retirement benefit at any time payable from the Fund shall be subject in any manner to alienation, sale, transfer, or assignment. A participant may not otherwise encumber his retirement benefit from the Fund, or any part thereof, or if by reason of his bankruptcy, such benefits would be received by anyone else or would not be enjoyed by him, his interest in any such benefits shall thereupon terminate.

Section VII

Amendment and Discontinuance

- 7.1** No amendment, modification, or alteration shall cause or permit the Fund held under the terms of the Plan to be diverted to purposes other than for the exclusive benefit of the participants as defined by this instrument.

Recipient of Payments

- 7.2** If the Pension Board, after consultation with the Bishop of Gary, deems any person incapable of receiving retirement benefits to which he is entitled by reason of illness, infirmity, or incapacity, the Board may make payment directly for the benefit or such person, to any person or institution whose receipt shall be a complete acquittance thereof. Such payments shall, to the extent therefore, discharge all liability of the Pension Board and the Bishop.

Unclaimed Benefits

- 7.3** If any benefit hereunder has been payable and unclaimed for one year since the whereabouts or continued existence of the participant entitled thereto was last known to the Bishop, such benefit may be forfeited.

Section VIII

Administration of the Plan

- 8.1** The administration of the Pension Plan shall be the responsibility of the Pension Board.
- 8.2** The Pension Board is authorized to engage such actuarial, legal, medical, and other services as are required in the administration of the Plan.
- 8.3** Administrative expense of the Plan may be paid from its assets.

Section IX

Errors

- 9.1** Should any change or error in the records result in any person receiving from the Plan more or less than he would have been entitled to receive had the records been correct, the Pension Board shall correct such error and, as far as is practicable, shall adjust the payment of the retirement benefit in such manner that the actuarial equivalent of the benefit to which the said person was correctly entitled shall be paid.
- 9.2** This Plan is subject to any legal adjustments that are found necessary.

Section X

Termination of the Plan

- 10.1 (a) The Pension Board may amend the Plan, subject to the approval of the Bishop.
- (b) In the event of the termination of the Plan, the assets then in the possession of the Pension Board shall be allocated, subject to the provision or any expenses incident to said termination, in the order of precedence set forth in paragraphs (1), (2), and (3) of the subsection:
- (1) To provide for continuance of retirement benefits to retirees, if any;
 - (2) If any assets remain after complete allocations for the purposes of (1) above, they shall be allocated toward the accrued rights of members on an equitable and nondiscriminatory basis according to accepted actuarial principles;
 - (3) If any assets remain after satisfaction of all Liabilities provided in (1) and (2) above, any excess shall be delivered over and paid to the Diocese of Gary according to a determination made by an actuary.

Approved by

Pension Board

June 3, 1993

Endorsed by

Priests' Council

June 7, 1993

Promulgated by

Bishop Dale J. Melczek

June 7, 1993

Amended

*6.1(a)

September 9, 1993

Updated and Amended

Pension Board

August 29, 2006

C. DIACONATE

DEACON REIMBURSEMENT

Parish/Institution Responsibilities

Diocese of Gary

It is understood that the deacon renders diaconate service to God and His people without salary or any other compensation.

Stole fees or stipends received for celebration of Sacraments may be retained by the deacon, if it is the practice in the parish for the priest to keep them.

The parish/institution will be responsible for these expenses:

- A. Annual Retreat**
- B. Continuing Education (in the same amount as allotted to priests in the Diocese of Gary)**
- C. Ritual Book for liturgical ministry**
- D. Purchase price and cleaning expenses for deacon vestments**
- E. Reimbursement to deacon for attendance at professional meetings, and for ministry-related travel expenses (currently 40 cents per mile).**

If a deacon serves in a position in a parish which has established that position as a paid staff position, e.g., musician, director of religious education, full-time pastoral associate, etc., the deacon may be compensated for his service in that established staff position. He may not be compensated for the service he renders to the community precisely as a deacon.

Promulgated January 8, 1996

**Most Reverend Dale J. Melczek
Coadjutor Bishop of Gary**

REVISED September 2006

DEACON REMUNERATION

It is understood that the service of a deacon is a donated service. It is further agreed that the deacon waives any right to salary or other compensation or employee benefits, and the diocese and/or parish may not pay a salary or other compensation (including family support) unless the deacon is directly employed at a diocesan or parish level in another capacity, such as religious education coordinator, etc.

Deacons are entitled to the usual stole fees or stipends for the celebration of the Sacraments if such fees or stipends are accepted in the parish in which he ministers.

September 2006

D. SEMINARIANS

Diocese of Gary
Policy for the Financial Support for Seminarians

Philosophy of Support

Seminarians are men who are actively discerning God's purpose for their lives. This involves experience in ministry, didactic presentation of philosophy and theology, reflection alone and with those to whom and with whom they minister, and most importantly, prayer. This process of formation takes many years. According the requirements of the Holy See and the United States Conference of Catholic Bishops, the process is normally to include four years of theology and at least two years of preparation for theology.

While seminarians continue their discernment, they engage in academic, pastoral, spiritual and human formation. This formation usually occurs in a seminary. Since seminary programs of formation intend to involve the seminarian's whole life, there is not usually time for the seminarian to work an outside job. Nevertheless, there remains the need to provide for the seminarians education and personal needs. At the same time, seminarians are to grow in the virtue of gratitude for all that God gives them, and to learn simplicity of life that befits a parish priest. To that end, the Diocese of Gary establishes this Policy for Financial Support for Seminarians

Definitions

Theology is the term used for the course of study for men who have completed college and a sufficient amount of course work in philosophy and theology.

Pre-Theology is the term used for the course of study for men who have completed college but still require a beginning formation in philosophy and theology before beginning the Theology program.

College is the term used for the course of study for men who have not yet completed an undergraduate degree.

Theology

The Diocese of Gary will provide for the following expenses of all seminarians in Theology:

- Tuition and room-and-board
- Books required for academic coursework
- Monthly stipend while enrolled full-time in coursework
- Health insurance for seminarians over twenty-five years of age

Approved at Priests' Council Meeting September 14, 2011
Promulgated by Most Reverend Dale J. Melczek
January, 2012

Pre-Theology

The Diocese of Gary will provide for the following expenses of all seminarians in Pre-Theology:

- Tuition and room-and-board
- Books required for academic coursework
- Monthly stipend while enrolled full-time in coursework
- Health insurance for seminarians over twenty-five years of age

College Years 3 and 4

The Diocese of Gary will provide for the following expenses of all seminarians in College years three and four:

- Tuition and room-and-board
- Books required for academic coursework
- Health insurance for seminarians over twenty-five years of age

Please note, there is no monthly stipend for seminarians during college.

College Years 1 and 2

The Diocese of Gary will provide for the following expenses of all seminarians in College years one and two:

- Books required for academic coursework
- Health insurance for seminarians over twenty-five years of age

Please note, there is no monthly stipend for seminarians during college.

Implementation of This Policy

This Policy for the Financial Support of Seminarians comes into effect for all seminarians accepted by the Diocese of Gary on or after 1 October 2011. All seminarians accepted before this date, will benefit from the former policy established in 2004.

After consultation with the Diocese of Gary Priests Council, this Policy for the Financial Support of Seminarians was approved by Most Reverend Dale J. Melczek, Bishop of Gary, 1 October 2011.

Approved at Priests' Council Meeting September 14, 2011
Promulgated by Most Reverend Dale J. Melczek
January, 2012

E. PARISH FINANCES

SCHOOL REVENUE CONTROL PROCEDURES

The school should provide a clear definition of responsibilities and segregation of duties of authorization, custodianship, and recordkeeping.

TUITION AND OTHER FEES COLLECTION

1. The school cashier should not be also the general ledger bookkeeper nor the subsidiary ledger bookkeeper who handles the student payment records.
2. A pre-numbered official receipt should be issued for funds received.
 - a) The official receipt should be prepared in triplicate, preferably color-coded. For instance, the original (white) goes to the payor, the duplicate (pink) to accounting, and the third copy (yellow) remains in the official receipt book.
 - a) It should be issued by numerical sequence to ensure the chronological dating of the receipts in order to facilitate record tracking and reconciliation.
 - b) It should be signed by the cashier.
 - c) The blank official receipts should be kept under lock and key, accessible only to a designated security forms custodian who is not the cashier. (Security forms are usually pre-numbered forms requiring more stringent safeguards like, blank checks, official receipts, purchase orders, etc., for they are most likely be misused to commit embezzlement. Security forms custodian is a part-time responsibility that may be assigned to an employee, other than the cashier, who already has assigned primary responsibilities).
 - d) The blank official receipts and other high security forms should be placed under positive control and inventoried monthly.
3. Receipt should be deposited daily.
4. Collection should be deposited intact. Expenses should not be paid directly from cash collection nor cash collection be used as a cash bank or to set up a petty cash fund.
5. At the end of the business day, the cashier sends the duplicate (pink) copies of the official receipts to the accounting department, along with a day collection summary report that shows the breakdown of the total receipts for the day by revenue categories like, Tuition, Registration Fees, Book Fees, Athletic Fees, etc., the total amount of which should agree with the total amount of receipts according to the official receipt duplicates. The original bank-validated deposit receipt or deposit slip should be attached to the collection summary, together with the duplicate receipts to support the agreement of receipts to deposit.
6. The reconciled day collection summary serves as the source document for the general ledger bookkeeper to record receipts to the appropriate revenue ledgers.

7. This packaged documents, consisting of the official receipt duplicates, collection summary and validated deposit receipt for the day, should be passed on to the subsidiary ledger bookkeeper who posts the student payments to their respective accounts from the official receipt duplicates. The total amount of postings to the student ledgers should agree with the general ledger postings and with the deposit. The subsidiary ledger bookkeeper should prepare a revenue batch posting report to be filed with the revenue document package to substantiate the agreement of the student payment records with the general ledger and with the deposit.
8. Refunds or credits to student accounts should be approved by the officer who has supervision over the cash and the accounting departments, usually the Controller, the Treasurer, or the Director of Finance.
9. Statement of accounts should be sent to parents/guardians periodically not only to give them the opportunity to check their payment records and to lodge complaints in case of discrepancy, but also as a means of counter-checking the veracity of the school's student account records.

POLICIES ON SCHOOL FINANCE

In order to ensure clarity, consistency, and accuracy in financial recordkeeping and reporting, a standard chart of accounts has been developed and promulgated by the Diocesan Finance Office with appropriate explanation.

The Gary Diocesan schools must practice Christian stewardship. The schools must be financially responsible to the host parish communities and to the Diocese. Therefore, the Gary Diocesan schools shall meet, in an incremental way, these criteria:

- A. There must be uniform financial reporting by all schools within the diocesan school system.
- B. The parish subsidy to its school must not exceed 40 percent of parish ordinary income.

Therefore, the following factors must be evaluated in light of the above recommendations:

- A. Class size;
- B. Tuition rates;
- C. Use of fundraising revenue.

Appropriate resource personnel from the Diocesan Finance and Education Offices shall stand ready to assist pastors in their efforts to work towards decreasing the percentage of parish ordinary income used to subsidize the school.

Parishes must accept Catholic education as a mission of the Church. With this in mind, the following elementary school tuition payment plans should be followed for students not from the host parish:

- A. Parents who support their parish pay the parishioner tuition rate set by the school. The parish with no school pays the host parish the difference between the actual cost of instruction and the parishioner tuition rate. The pastor of the host parish is responsible for billing the pastors of students from outside the host parish for this payment.
- B. Parents of non-Catholic students should pay a tuition that is equal to the actual cost of instruction.
- C. Catholic parents who do not support their parish pay a tuition that is equal to the actual cost of instruction.
- D. Catholic parents who do not belong to the Gary Diocese pay the tuition rate equal to the actual cost of instruction.

Clarification: Parents of students in grades 1-8 are eligible for assistance according to the guidelines noted above. Parents of students in pre-school and kindergarten are not eligible for assistance.

POLICIES ON SCHOOL FINANCE

The diocesan quota assessment for parishes which subsidize Catholic schools in excess of 20 percent of total ordinary income of the parish will be lowered from 10 percent to 8 percent of ordinary income.

- Promulgated March 3, 1999

DIOCESAN SAVINGS AND LOAN FUND

- In order to ensure that Diocese of Gary Parishes and Catholic Institutions have a reasonably priced source of borrowing for major projects and to build community within the Church, the Diocese of Gary administers a Deposit and Loan Fund.**
- No Parish or Catholic Institution is permitted to borrow funds from any source other than the Diocesan Savings and Loan Fund**
- Every Parish and Catholic Institution is required to invest cash in excess of their 30-day operating needs in the Diocesan Savings and Loan Fund. Retention of "special use" funds, such as contributions for capital projects, in local cash accounts which will not be expended in 30 days or less is not permitted.**
- Deposits in the Savings and Loan Fund will earn a fixed rate of return of 3.0% per annum**
- Loans From the Savings and Loan Fund will be charge interest expense at a rate of 5.0% per annum**

March 1, 2009

PARISH COLLECTIONS COLLECTION CONTROL POLICY

- 1. Collections should be kept in a secure area until they are counted.**
- 2. Collections should be counted immediately after Mass.**
- 3. Collections should be counted by, at least, two people together.**
- 4. There should be at least two teams of collection counters.**
- 5. Weekly collections should be deposited as soon as possible.**
- 6. A night depository should be used if convenient.**
- 7. If receipts cannot be deposited immediately for some reason, they should be kept in a safe or lockable fireproof cabinet.**
- 8. Collections should be deposited intact. Cash collection should never be used to cash checks nor pay expenses directly with it.**
- 9. Checks and money orders received should be restrictively endorsed "For Deposit Only" to the proper bank account. The restrictive endorsement ends the further negotiability of the check and prevents its being cashed, in case it falls into the wrong hands.**
- 10. Pre-numbered official receipts should be used for funds received other than regular church collection. If succeeding official books do not continue the numerical sequence of the first book they should have, at least, consecutive numbers within each book that do not overlap or duplicate the receipt numbers in the other books used during the same fiscal year. For control purposes, only one official receipt book should be used at a time.**

PARISH COLLECTIONS (Cont.) COLLECTION CONTROL POLICY

- 12. All blank pre-numbered official receipt books should be inventoried each month.**
- 13. Monthly bank reconciliation should be performed by someone other than the person who is involved in handling collection or has the responsibility of preparing the checks and recording the transactions. It is important that the accounting period cut off date (the last day of the month) is strictly observed when closing the books at the end of each month.**
- 14. Special collections for charity should be remitted for the whole amount in a timely manner (at least within the same fiscal year during which the collection took place).**
- 15. Contribution statements should be sent out to contributors, at least annually.**
- 16. All receipts should be documented, recorded and readily traced to deposits.**
- 17. Supporting Documents for all funds should be organized, filed and made available for review to the pastor or the diocesan internal control auditor.**

PARISH COLLECTIONS COLLECTIONS HANDLING PROCEDURE

- 1. Before collection envelopes are opened and the money counted, the envelopes should be sorted by revenue categories. Envelopes for ordinary collection should all be stacked together, apart from other collection categories, in the same manner as CSA collection envelopes and Building Fund collection envelopes are all grouped together separately by revenue category, to have a better organized counting process.**
- 2. Counting is done one revenue category at a time, then the next. As amounts received in envelopes are counted in the presence of another team member, the amount is recorded on the front of the envelope.**
- 3. Run a total of the amounts written on the envelopes on a calculator tape.**
- 4. Next, add all checks, currency and coins received from the envelopes, using a Cash Count/Collection Summary Sheet (see enclosed form) The result should equal the total obtained in step 3 above. If a discrepancy exists. A reconciliation should be attempted by redoing steps 2 to 4. If a difference still exists between the envelopes and the cash on hand, it should be reported immediately to the pastor and the finance committee.**
- 5. Steps 2,3, and 4 are repeated for the next revenue category until counting of the weekly collection received in offertory envelopes is completed and the total amount of the cash and checks received is matched with the total amount or the revenue listing. Normally, the collections received by offertory envelopes are the ones posted to the contribution ledgers.**

PARISH COLLECTIONS COLLECTIONS HANDLING PROCEDURE

- 6. Loose Collections should be counted separately from those received in offertory envelopes by, at least, two people together after counting and balancing the collections received in envelopes. The loose collection should be included in the Cash Count/Collection Summary Sheet, added to the subtotal of collections in offertory envelopes, to come up to an overall total which is the amount to be deposited.**
- 7. The counters should next prepare a bank deposit slip from the verified total amount of collection. A duplicate or photocopy of the deposit slip (front and back) should be kept on file.**
- 8. Funds should then be deposited in the bank. Any amount that cannot be deposited at the end of the business day should be kept in a safe or a lockable fireproof cabinet.**
- 9. The Cash Count/Collection Summary Sheet, envelopes, calculator tapes, duplicate deposit slip and validated deposit receipt (the validated deposit receipt should be attached to the duplicate slip) should be forwarded to the parish bookkeeper, The bookkeeper should, in turn, record the deposit. It is important that the bookkeeper is not a collection counter and does not prepare the deposit slip.**
- 10. The posting to the contribution records should be done by an employee who is not involved in collection handling nor handles the general ledger. Individual posting to the Contribution ledgers are based on the amount of contribution written during the counting process on each offertory envelope as the actual amount of cash or check received (Procedure #2)**
- 11. The total amount of weekly postings to the contribution records should be matched to the portion of weekly deposit corresponding to the verified total of collections by offertory envelopes. Completing procedure #5 will help accomplish this process.**

COLLECTION COUNTERS

1. There should be a minimum of two teams of collection counters with, at least, two members in each team -- one member counts while the other writes down the results on the count sheet/collection summary form (sample attached) on which actual cash count and total amount of checks received are listed and added to be matched to the total amount of collection in broken down revenue categories. The matching amount of actual cash and checks received and the total amount of the breakdown of the collection by revenue categories should be the amount to be deposited.
2. Establishing a team whose only members are husband and wife, mother and daughter, brother and sister, and the like, is discouraged because of the obvious sensitivity of such setup. The addition of an unrelated third person to a husband and wife team may alleviate some concern about this seemingly weak check-and-balance situation.
3. The teams should be rotated weekly or, as an alternative, a team may be scheduled to work consecutively for not more than 4 weeks at a time, then the next team will take over after that. Another option that is worth considering is to swap members between teams such that no individual is a consistent member of a particular team during the year, that is, a counter could be a member of one or two other teams at different times in a one year period. If this arrangement is followed, the signing of the count sheet by all the members of that particular team is of utmost importance to keep track of counters' varying assignments and to pinpoint responsibility, or a list of counters who are assigned to work on a specific Sunday or holy day should be prepared ahead of time to keep track of the composition of team at different times. Any change made to that list should be noted accordingly.

PARISH: _____

DATE: _____

MASS: _____ AM/PM

ENVLP
COUNT: _____

A- **COLLECTION SUMMARY REPORT**

_____	SUNDAY & HOLY DAY	_____
_____	CHRISTMAS	_____
_____	EASTER	_____
_____	PARISH EXTRA COLLECTIONS	_____
_____	HALL RENTAL	_____
_____	MISCELLANEOUS INCOME	_____
_____	CAPITAL BUILDING FUND COLLECTION	_____
_____	CEMETERY INCOME	_____
_____	FUNDRAISING INCOME	_____
_____	C.S.A. REBATES	_____
_____	BEQUESTS & MEMORIALS	_____
_____	DONATIONS	_____
_____	SALE OF PROPERTY	_____
_____	INSURANCE RECOVERY	_____
_____	RELIGIOUS EDUCATION	_____
_____	N.W.I. SUBSCRIPTION FEES	_____
_____	C.S.A. PAYMENTS COLLECTED	_____
_____	SPECIAL COLLECTIONS:	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

TOTAL COLLECTION _____

B- **DEPOSIT**

CASH COUNT SHEET

<u>QTY</u>	<u>DENOMINATION</u>	<u>AMOUNT</u>
_____	100.00	_____
_____	50.00	_____
_____	20.00	_____
_____	10.00	_____
_____	5.00	_____
_____	2.00	_____
_____	1.00	_____
_____	0.50	_____
_____	0.25	_____
_____	0.10	_____
_____	0.05	_____
_____	0.01	_____

TOTAL CASH _____

CHECKS (see attached list or calculator tape) _____

TOTAL DEPOSIT _____

SIGNATURES: _____

Counter

Counter

PARISH CASH ACCOUNTS

- Cash refers to currency, coinage and instruments that can be readily converted to either such as travelers' checks and money orders.**
- All cash in excess of a 30 day operating need of the parish must be forwarded to the Diocesan Savings and Loan Fund for investment.**
- The parish must maintain, at a minimum, an operating checking account for the deposit of cash receipts and the remittance of check disbursements for goods and services received.**
- The number of cash accounts maintained by the parish is determined by the needs of the parish and the ability of parish staff to accurately account for various cash activities. It is recommended that the number of cash accounts be kept at a minimum to reduce service fees and maximize the physical security of funds. It may be possible to administer all cash activities from a single account. Under no circumstances should multiple accounts be maintained to simplify tracking of various activities in place of tracking these activities by means of adequate records keeping.**
- While it is not an absolute requirement, Parishes may wish to demonstrate the safeguarding of Mass stipends held until Masses are said for the stated intentions. The Parish should always maintain a Mass Stipend Journal and be prepared to demonstrate that there is sufficient funds in either the Mass Stipends Cash account or the operating cash account to satisfy all the intentions in the Mass Stipend Journal. (See "Mass Stipend Journal")**
- If the parish operates Bingo fundraising events, there is a legal requirement to maintain a separate cash account for this purpose. (See Bingo Internal Accounting Control Procedures)**

PARISH CASH ACCOUNTS (CON'T)

- The parish may choose to maintain a dedicated payroll account this can prove to be an effective safeguard when outsourced payroll services are granted access to parish cash accounts**
- Every parish cash account must be reconciled with the bank's statement each month. (See Bank Account Reconciliation)**
- The Pastor must be a signatory on all parish cash accounts. At no time should a facsimile signature stamp be used.**
- At the Pastor's discretion affiliated parish organizations may be permitted to operate separate cash accounts for special purposes. These accounts should have an initially small balance and should be returned to this initially small balance once the special purpose has been accomplished. It must be emphasized that the cash accounts are the property of the parish and not of the affiliated organization. The pastor must be a signatory on these accounts and ALL cash account balances must be consolidated into the cash balance reported on the parish's books. Likewise, all receipts and disbursements from these accounts must be included in reports of the parish's financial operations. These activities are not separate and distinct from parish operations.**
- Imprest (Petty Cash)Fund: The parish may wish to maintain an Imprest Fund for convenience of minor purchases (under \$25.00). If the parish chooses to maintain such a fund, the procedures of "Petty Cash Fund") must be followed. (See Petty Cash Fund)**

PARISH CASH ACCOUNTS (CONT)

- The parish may choose to maintain a dedicated payroll account this can prove to be an effective safeguard when outsourced payroll services are granted access to parish cash accounts**
- Every parish cash account must be reconciled with the bank's statement each month. (See Bank Account Reconciliation)**
- The Pastor must be a signatory on all parish cash accounts. At no time should a facsimile signature stamp be used.**
- At the Pastor's discretion affiliated parish organizations may be permitted to operate separate cash accounts for special purposes. These accounts should have an initially small balance and should be returned to this initially small balance once the special purpose has been accomplished. It must be emphasized that the cash accounts are the property of the parish and not of the affiliated organization. The pastor must be a signatory on these accounts and ALL cash account balances must be consolidated into the cash balance reported on the parish's books. Likewise, all receipts and disbursements from these accounts must be included in reports of the parish's financial operations. These activities are not separate and distinct from parish operations.**
- Imprest (Petty Cash) Fund: The parish may wish to maintain an Imprest Fund for convenience of minor purchases (under \$25.00). If the parish chooses to maintain such a fund, the procedures of "Petty Cash Fund) must be followed. (See Petty Cash Fund)**

MASS STIPEND FUND

1. The Mass Stipend funds should not be co-mingled with parish accounts or the personal account of the priest. Because of the restricted and sacred nature of the funds, they should be faithfully accounted for. While it is highly desirable to have a separate bank account for Mass stipend funds, these funds may be handled also under the parish regular account as long as the Mass stipend transactions can be recorded and reported separately from the regular parish operating activity.
2. Proper records should be kept. This includes the Mass Stipend Journal which shows the following information:
 - a) Date when offering was received.
 - b) Intention (deceased or Mass honoree)
 - c) Name of giver
 - d) Amount and number of Masses
 - e) Date and time when Mass is to be said
 - f) Name of priest who officiates the Mass
3. Parishes should have on hand only a one-year supply of Masses. All other Masses should be sent elsewhere to be said. This is in accordance with Canon 953. Excess Mass stipends can be sent to the Chancery where they are given to retired priests or to priests in parishes that do not have a sufficient supply of Mass stipends. They may also be sent to missionary priests where the need is great.
4. According to Canon 951, Articles 1 & 2, a priest can only keep a stipend for one Mass per day. Any stipends that are not received for Masses over and above that one are to be sent to the Chancery Office. This will go into the fund for continuing education of priests.

MASS STIPEND JOURNAL

Mass intentions should be recorded in the Mass Stipend Journal in order to meet the recording requirement of Canon Law. Recording Mass intentions directly to the Daily Mass Calendar is not adequate for it does not indicate when the offering was received nor the amount of offering (although presumed to be \$10.00 per scheduled Mass as established by the Diocese, in some instances the amount tendered for a Mass intention could be lower or higher than \$10.00). The Daily Mass Calendar does not provide the basis of determining which intentions have not been satisfied within a year as required by Can. 953 which says that: "It is not lawful for anyone to accept more stipend for Masses to be applied by himself than he can satisfy within one year."

The following provisions reinforce the requirement to maintain adequate and accurate record of Mass offerings and strongly implies that the date when the Mass offering was received has to be known and recorded to be able to determine which intentions have not been satisfied within a year:

Canon 958, Section 1: "The pastor and rector of a church or other pious place where Mass offerings are usually received are to have a special book in which they list accurately the number of Masses to be celebrated, the intention, the stipend given and their celebration."

Canon 955, Section 2: "The time within which the Masses are to be celebrated begins on the day on which the priest who is to celebrate them receives them unless otherwise indicated."

Canon 955, Section 4: "Every priest must accurately note Masses which he has accepted to celebrate and which have been satisfied."

Canon 956: "Each and every administrator of pious causes or those obliged in any way to see to the celebration of Masses, are to give to their ordinaries, Mass obligations which have not been satisfied within a year."

The standard Mass Stipend Journal, similar to the attached form, adequately meets the Canon Law recording requirement. It shows the date when the Mass offering is received, the intention, the amount and number of Masses, the date and time when the Mass is to be said, and the name of the priest who officiates the Mass.

MASS INTENTIONS JOURNAL

[illegible]

AUXILIARY ACTIVITIES

1. **BINGO AND OTHER CHARITY GAMING EVENTS -**
 - a) Before any bingo operation or any other gaming event is attempted, the appropriate license should be obtained from Indiana Department of Revenue. The Indiana Department of Revenue Publication 2 -Charity Gaming Publication should be kept available for ready reference.
 - b) All the laws and regulations governing charity gaming operations should be complied with.
 - c) Separate accounting records should be maintained for all gaming events. The State also requires a separate bank account for charity gaming operation.
 - d) The financial report for the charity gaming event should be filed in a timely manner.
2. **FUNDRAISING CONDUCTED BY THE PARISH OR AFFILIATED ORGANIZATIONS -**
 - a) If the fundraising is sponsored by affiliated organizations and they maintain their separate bank accounts, the Pastor and the Bishop should be included as signers on these bank accounts.
 - b) For cash control purposes, implement a "chit" system where patrons purchase tickets from a central location and these tickets are used to "purchase" rides, games, refreshments, and food.
 - c) If the fundraising events involve inventory items (T-shirts, sweatshirts, etc.), items for sale should be inventoried and that detailed reconciliations of inventory on hand, inventory in process, inventory sold, and sales proceeds received are maintained.
 - d) Inventory should be properly reflected in the organization's balance sheet and that sales revenue and cost of sales are properly reflected on the income statement.
 - e) A financial report for the fundraising event should be prepared in a timely manner and submitted to the finance committee for review. The finance committee chairperson initials and dates this report to indicate his concurrence.
3. **OTHER REVENUE PRODUCING ACTIVITIES**
 - a) Pre-numbered official receipts should be issued for funds received from:
 1. Rental of parish hall
 2. Rental of parish-owned properties (apartments, houses, offices, etc.)
 3. Use of parking lot for special occasions
 4. Advertising on parish bulletin missalette
 5. Other income
 - b) These revenues should be reported in the parish financial reports.

BINGO INTERNAL ACCOUNTING CONTROL PROCEDURES

To avoid any cloud of suspicion of impropriety over the bingo operation, the operators should maintain accurate and complete bingo records, and that all transactions be fully documented and be readily available for examination. The following specific requirements should be complied with:

1. A separate bank account for bingo be established.
2. A standard record of income and expenses be kept to be able to readily determine the profitability or non-profitability of the operation.
3. A cash ledger should be maintained.
4. A monthly bank reconciliation statement be prepared to establish the correct monthly cash balance.
5. All transactions should be documented, recorded and reported, and records should be accurate and complete, and filed in an orderly manner to create a clear audit trail.
6. The bingo operation should be in accordance with Indiana gaming statute.

The following internal accounting policies and procedures should be in place:

1. At least two teams of money counters with a minimum of two members in each team, who are not related as husband-wife, mother-daughter, brothers, or similarly closely related, should be established. The teams should rotate weekly or monthly. Each team, however, should not be scheduled to work longer than one month at a time.
2. If the gaming receipts consist of proceeds from different sources or types of revenue, they should be sorted first by category, counted, then recorded, one category at a time, in a form similar to the attached Bingo Games Nightly Summary Report worksheet (Exhibit 1).
3. While one team member counts the money, the other writes down the amount received for that particular revenue source in the Bingo Games Nightly Summary Report worksheet, which breaks down the proceeds by revenue categories. This nightly summary report worksheet serves as a supporting document to the Indiana Department of Revenue Schedule CG-NSR -Charity Gaming Nightly Summary Report (Exhibit 3), along with other documentation for relevant gaming income and expenses.
4. Expenses related to any particular gaming revenue should be shown on the Bingo Games Nightly Summary Report worksheet as deductions from that particular revenue source to arrive at the net revenue.
5. When all the receipts are counted, the cash receipts are sorted by denomination and recorded on the Cash Count Sheet (Exhibit 2). The Cash Bank is deducted from total cash on hand. The resulting net cash should agree with the total revenue for the night reported on the Bingo Games Nightly Summary Report worksheet. This reconciled amount should be deposited in its entirety. The counters sign the Cash Count Sheet and prepare the deposit slip in duplicate or a photocopy of the deposit slip is made. The validated deposit slip should be attached to the nightly summary report / cash count file to complete the documentation process. Schedule CG-NSR-Charity Gaming Nightly Summary Report is prepared, based upon the nightly summary report worksheet.
6. The Cash Bank is placed in its separate lock-bag and locked by the chief bingo operator, who keeps the key to the bag, then submitted to the pastor or his authorized representative who puts the lock-bag in the safe overnight. At this point, only the pastor has access to the cash bank bag for he keeps a key to the cash bag. Access to the safe should be limited only to the pastor and his authorized representative.
7. The duplicate or photocopy of the deposit slip should be given to the pastor or to his authorized representative (usually the parish secretary) after the money count and the completion of the necessary paper work for the evening. A copy of the Bingo Games Nightly Summary Report worksheet should be provided to the pastor not later than next morning following the bingo games.

- 8 The bingo proceeds, together with the original deposit slip, is given to pastor or to his authorized representative, to be put in its separate lock-bag, locked and key removed. The locked cash bag containing the bingo proceeds is kept in the safe overnight, together with the cash bank in a separate lock-bag. Only the pastor and his authorized representative should have access to the safe, and only the pastor, his authorized representative, and the bank should have access to the bingo proceeds lock-bag key.
- 9 The next morning, the locked bag of bingo receipts is taken to the bank by the parish secretary or any authorized employee where the bag is unlocked by a bank representative using his/her own key duplicate and the funds deposited to the parish's bingo account.
- 10 The validated deposit receipt from the bank is compared to the duplicate or photocopy of the deposit slip and also to the Bingo Games Nightly Summary Report worksheet. The amounts on these three documents should agree. The validated deposit receipt and the duplicate or photocopy of the deposit slip should be attached to the Bingo Games Nightly Summary Report/Cash Count Sheet. This completed documentation package serves as a source document for recording the receipts in the parish accounting records. When the necessary entries are completed, the secretary/bookkeeper stamps or marks this document "ENTERED", writes the entry date, then affixes her initial. The documentation package is then kept in the appropriate file.
- 11 There should be a separate bank account for the bingo operation, as required by the state. Only gaming-related expenses are to be paid from this account (Please see Charity Gaming Publication 2).
- 12 To create a Cash Bank or Cash Change Fund account for the bingo, the chief bingo operator, fills out a Check Request Form (Exhibit 4), sign it, then have it approved by the pastor. The completed Check Request Form is the basis of issuing a check. The check should be made payable to "(NAME OF PASTOR or CHIEF BINGO OPERATOR) -- BINGO CASH BANK". The check is cashed at the bank (not from church collection).
13. The cash bank should be kept in a lock-bag and stored in the safe at the rectory office when not in use. It should be taken out of the rectory safe only on bingo nights when used. As an added internal control procedure, when the cash bank lock-bag is taken out of safe and given to the chief bingo operator, the chief operator should sign a receipt for the cash bank after counting it in front of the parish secretary (or the authorized representative). This procedure forces the counting and regular rechecking of the Cash Bank, for it is counted before it is released and again when it is returned after the bingo games. The signed receipt is given back to him when the cash bank is returned.

The Cash Bank should always be of the same amount as it was originally set up. The establishment of the Bingo Cash Bank is recorded by a debit to BINGO CASH BANK and a credit to CASH. The amount of the Cash Bank should be kept at a minimum -- sufficient to meet only cash change needs, allowable cash payouts, and the payment of gaming expenses of minimal amount -- those that make the issuing of a check impractical and not cost effective.
14. As a general rule, all gaming receipts and expenses must be documented, recorded and reported. Every receipt and disbursement that is reported on the Bingo Games Nightly Summary Report should have supporting documents or schedules on file to back up the financial report to the state.
15. All disbursements, except cash payouts allowed by statute and documented petty expenses, should be paid by pre-numbered checks.

16. A requisition-purchase order system should be put in place. All bingo materials should be purchased through the rectory office by filling out a purchase requisition/order form (~~Exhibit 5~~) to be approved by the pastor before any order for bingo supplies or materials is placed. Complete, accurate records should be kept of purchases of all charity gaming materials, including vendors, quantities and costs as required by gaming law.
17. An inventory of all bingo accountable forms and materials should be maintained by the rectory office. An inventory report should be prepared after each bingo event and submitted to pastor in order to account for all cash-producing gaming materials.

At the end of the accounting period when the Indiana Annual Bingo License Financial Report (Form CG-8) is prepared, the ending inventory of pull tabs, punchboards and tip boards are listed under Section A of the abovementioned report. If the space in Section A is not sufficient, Indiana Department of Revenue Schedule CG-INV-Charity Gaming Inventory Statement should be used to prepare the inventory report and attached to Form CG-8. Please see attached copy of Form CG-INV (Exhibit 6).

All money-producing forms, supplies and materials should be exclusively under the control of the pastor.

18. Only the activities allowed by the Annual Bingo License (Please see Indiana Department of Revenue Charity Gaming Publication 2) should be conducted within the bingo premises, namely:
 1. Multiple bingo events
 2. Door prize drawings
 3. The sale of pull tabs, punchboards and tip boards

Any other income producing activity not related to the licensed event should have an appropriate permit or license to operate, otherwise such activity should not be permitted to take place in the bingo location.

19. Funds in the bingo account in excess of the bank's minimum balance requirement should be transferred to the parish regular checking account as soon as the balance warrants the transfer, but at least once a month.
20. The bingo operation is sponsored by the parish, hence, the pastor, who is the administrator of the parish, has the primary responsibility of ensuring that the bingo is conducted according to law, and the accounting of its proceeds be in conformity with generally accepted accounting principles, procedures and practices.

DATE OF EVENT: _____

GAMING NIGHTLY SUMMARY REPORT

I N C O M E *					
GAME	NUMBER SOLD	PRICE PER PACK	GROSS RECEIPTS	PAYOUT	PROFIT
EARLY BIRD					
LETTER "M"					
LITTLE MICKEY					
LETTER "T"					
LETTER "X"					
4-CORNERS					
SUB-TOTAL					
JACKPOT					
TOTAL					
5/1.00					
LUCKY BALL					
TIPS					
SUB-TOTAL					
GROSS INCOME					
E X P E N S E S *					
REGULAR GAME EXPENSES					
MEAL EXPENSES					
OTHER EXPENSES					
TOTAL EXPENSES					
NET INCOME					
ADJUSTMENTS (Plus or Minus):					
AMOUNT TO BE DEPOSITED					
ADD: CASH BANK					
TOTAL CASH ACCOUNTABILITY					

* Attach documentation for all reported income and expenses.

Doing the bank reconciliation monthly will make the year-end accounting and reporting activities much easier to perform, for there will be just one month of reconciling items to worry about as compare to several that have accumulated if bank reconciliation is done infrequently.

MONTHLY BANK RECONCILIATION

In order to prepare the monthly financial statements, it is necessary that bank reconciliation be done within two weeks of receipt of the bank statements. The reconciliation of all bank accounts is necessary in order to accurately report all cash balances at the end of the reporting period. Preparing the bank reconciliation statement is a very important cash control procedure.

OBSERVE ACCOUNTING PERIOD CUTOFF DATE (THE LAST DAY OF THE MONTH):

1. ONLY RECEIPTS RECEIVED DURING THE MONTH SHOULD BE INCLUDED AS RECEIPTS FOR THE MONTH.
2. ONLY CHECKS ISSUED DURING THE MONTH SHOULD BE INCLUDED AS DISBURSEMENTS FOR THE MONTH.
3. ONLY CREDIT AND DEBIT MEMOS POSTED IN THE BANK STATEMENT UNDER RECONCILIATION SHOULD BE INCLUDED AS RECEIPTS AND DISBURSEMENTS FOR THE MONTH.
4. INTEREST/DIVIDEND EARNED POSTED ON THE BANK STATEMENT AT THE CLOSE OF THE MONTH SHOULD BE RECORDED IN THE BOOKS AS OF THE END OF THAT MONTH.

MATCH TOTAL RECEIPTS PER BOOKS WITH TOTAL DEPOSITS PER BANK STATEMENT:

1. RECEIPTS DEPOSITED PER BOOKS AT THE END OF THE MONTH BUT NOT CREDITED BY BANK THIS MONTH IS A DEPOSIT IN TRANSIT, A RECONCILING ITEM.
2. INTEREST OR DIVIDEND INCOME AND OTHER CREDITS OR RECEIPTS SHOWN ON THE BANK STATEMENT BUT NOT YET ENTERED IN THE BOOKS ARE RECONCILING ITEMS. THEY SHOULD BE BOOKED.

RECORD BANK CHARGES AND OTHER BANK DEBITS THAT HAVE NOT YET BEEN TAKEN UP IN THE BOOKS, LIKE:

1. SERVICE CHARGE
2. NSF CHECKS CHARGEBACK FEES
3. ELECTRONIC FUND TRANSFERS
4. AUTOMATIC CHARGE TRANSACTIONS
5. OTHER BANK DEBITS

DETERMINE OUTSTANDING CHECKS AT THE END OF THE MONTH:

1. FROM LAST MONTH'S LIST OF OUTSTANDING CHECKS, CHECK OFF THOSE CHECKS THAT CLEARED THE BANK THIS MONTH.
2. FROM THIS MONTH'S CHECK REGISTER, CHECK OFF THOSE CHECKS THAT CLEARED THE BANK THIS MONTH.
3. THE CHECKS THAT WERE NOT CHECKED OFF FROM STEPS 1 AND 2 ARE THE CHECKS STILL OUTSTANDING AT THE END OF THE MONTH UNDER RECONCILEMENT

USING THE ATTACHED BANK RECONCILIATION WORKSHEET WHICH CONSISTS OF THE "CASH PER BOOK" AND THE "CASH PER BANK" SECTIONS, PROCEED AS FOLLOWS:

BOOK SIDE

1. ENTER BEGINNING CASH BALANCE (LAST MONTH'S RECONCILED ENDING CASH BALANCE).
2. ADD THE TOTAL RECEIPTS AND OTHER CREDITS FOR THE MONTH (MAY BE BROKEN DOWN BY RECEIPT CATEGORIES).
3. SUBTRACT TOTAL CHECKS ISSUED DURING THE MONTH.
4. SUBTRACT OTHER DISBURSEMENTS OR DEBITS DURING THE MONTH.
5. THE RESULT OF THE FOREGOING MATHEMATICAL PROCESS IS THE CASH BALANCE AT THE END OF THE MONTH WHICH SHOULD AGREE WITH THE ADJUSTED BANK ENDING BALANCE.

BANK SIDE

1. ENTER THE BANK BALANCE AT THE END OF THE MONTH.
2. ADD DEPOSIT IN TRANSIT
3. LIST AND SUBTRACT TOTAL AMOUNT OF OUTSTANDING CHECKS.
4. THE RESULT OF THE FOREGOING MATHEMATICAL PROCESS IS THE BANK ADJUSTED CASH BALANCE WHICH SHOULD AGREE WITH THE BOOK CASH BALANCE AT THE END OF THE MONTH.

PETTY CASH FUND

A petty cash fund is established to pay expenses of minimal amount when issuing a check is deemed not cost effective and not worth the time and effort involved in the check preparation.

To properly establish a Petty Cash Fund, a check drawn on the parish's regular checking account is issued payable to: (NAME OF PASTOR) - PETTY CASH FUND in the amount of the petty cash fund needed (For instance, \$100.00). The check is cashed at the bank, the petty cash kept in the safe, and only documented expenses of small amount are paid from the fund.

The establishment of the Petty Cash Fund is recorded in the books by a debit to Petty Cash and a credit to Cash which, in effect, sets aside a portion of the general cash for the Petty Cash Fund.

	<u>DEBIT</u>	<u>CREDIT</u>
Petty Cash Fund	\$100.00	
Cash (General Checking Account)		\$100.00

The petty cash fund is replenished before it is entirely depleted by gathering and sorting by month all the official receipts that support the petty cash expenses and preparing the petty cash fund replenishment request form (See attached sample form). The petty cash replenishment form shows the total amount paid from the fund, for which replenishment is being requested, and the amount of cash remaining. The total of documented expenses plus the cash on hand should always equal the established petty cash fund. The expenses from the petty cash fund should be coded with the proper expense accounts to make sure that they are posted to the correct general ledger accounts. If the total amount of petty cash expenses for the month warrants, the petty cash fund should be replenished on a monthly basis in order for petty cash expenses to be recorded and reported in the monthly financial reports. The petty cash fund may be handled by a regular employee designated by pastor.

The following are sample accounting entries to record the replenishment of the Petty Cash Fund:

	<u>DEBIT</u>	<u>CREDIT</u>
<u>TO RECORD PETTY CASH EXPENSES</u>		
Mailing expenses	\$38.80	
Office Supplies	\$23.00	
Janitorial Supplies	\$25.00	
Miscellaneous Expenses	\$3.00	
Petty Cash Fund		\$89.80

TO RECORD THE CHECK ISSUED TO REPLENISH THE PETTY CASH FUND

Petty Cash Fund	\$89.80	
Cash		\$89.80

FROM THE ILLUSTRATION GIVEN ABOVE, THE PETTY CASH FUND LEDGER LOOKS LIKE THIS:

	<u>Debit</u>	<u>Credit</u>	<u>Running Balance</u>
Established petty cash fund	\$100.00		\$100.00
			\$100.00
Mailing expenses		\$38.80	\$61.20
Office Supplies		\$23.00	\$38.20
Janitorial Supplies		\$25.00	\$13.20
Miscellaneous Expenses		\$3.00	\$10.20
			\$10.20
Petty cash fund replenished	\$89.80		\$100.00

DATE: _____

		CASH ON HAND:		
BILLS	_____	50.00	=	_____
	_____	20.00	=	_____
	_____	10.00	=	_____
	_____	5.00	=	_____
	_____	2.00	=	_____
	_____	1.00	=	_____
COINS	_____	0.50	=	_____
	_____	0.25	=	_____
	_____	0.10	=	_____
	_____	0.05	=	_____
	_____	0.01	=	_____
	_____			_____
TOTAL CASH ON HAND				

CASH OVER/(SHORT)

FINANCIAL REPORTING

--Basis of Accounting

The Parishes and Catholic Institutions of the Diocese of Gary are required to forward an annual Financial Statement to the Finance Office of the diocese by September 15th each year. The report will be prepared on the "Cash Basis" of accounting where revenue is recognized when funds are deposited to the parish cash accounts and expenses are recognized when disbursements are made from the parish cash accounts. The only exceptions to this is the recording of interest earned on deposits and interest charged on loans in the Diocesan Savings and Loan Fund which must be recorded as memo entries based upon information provided in monthly statements provided by the Diocesan Finance Office.

--Local Financial Reporting

It is highly recommended that an annual budget is prepared at each Parish and Catholic Institution and that monthly (or at least quarterly) financial statements are prepared comparing actual operating results with budgeted expectations for review by the Pastor and Parish financial advisors.

--Diocesan Chart of Accounts and Financial Statement Formats

All reports submitted to the Diocesan Finance Office must utilize the Standard Diocese of Gary Chart of Accounts and Financial Statement Format. The parishes may wish to track financial information in finer detail than is required by the Chart of Accounts and standard formats.

--Gross-Versus-Net Reporting

Parishes and Catholic Institutions are asked to report financial operations on a gross (disclosing both income and expense) rather than a net basis (reporting only the final result when expenses are subtracted from income)

--Financial Activities Excluded from Reporting

None

July - 2007

PARISH INTERNAL CONTROL ISSUES

**CATHOLIC DIOCESE OF GARY
PASTORAL CENTER
FINANCE OFFICE**

GENERAL ACCOUNTING POLICY

1. Segregation of Duties and Conflict of Interest

The functions of authorization, custody/activity control, and recordkeeping of a transaction should be separate, and the receiving of benefits arising from the recipient's own authorization or influence, amounting to a conflict of interest, should be avoided.

- a) The handling of cash receipts should be segregated from the accounting of such receipts (Example: In handling cash collections, it is important that the bookkeeper is not a counter and does not prepare the deposit slip).
- b) There should be segregation of duties between check preparation, check signing, and posting to the general ledger.
- c) Those responsible for issuing checks should not also be responsible for reconciling the bank statements with the accounting records.
- d) Those responsible for the physical receipt of goods and services should not be responsible for paying for those goods and services.
- e) Any other situation amounting to non-segregation of duties and/or conflict of interest that may suggest the appearance of impropriety should be avoided.

2. Authorization of Transactions

- a) The pastor is the principal signer on all parish-related transactions, except as specified under the requirements of capital expenditures (Please see Capital Expenditures caption).
- b) The pastor may authorize a representative in writing to sign checks when he expects to be away from the parish with specific restrictions attached to the temporary authorization. For instance, the authorized representative can only sign a limited number of checks (depending upon how long the pastor expects to be away from the parish), the aggregate amount of which should not exceed a set maximum. Upon his return, the pastor is expected to review the transactions and ascertain that his instructions to his authorized representative are faithfully carried out.

- c) The authority to purchase and place orders should be limited to the pastor and his authorized representative only.
- d) All transactions should be authorized and fully documented to show evidence of approval and validity of the transaction. The use of a payment request form is encouraged.

3. Custodianship/Activity Control

- a) Accounting records, computer data backup diskettes, blank checks, and other valuable or highly pilferable assets should be kept in a safe or a lockable fireproof cabinet.
- b) Accounting records, office files, and other official documents should never be taken out of the parish office due to security and confidentiality concerns.
- c) Checks, official receipts, and other high security forms should be pre-numbered for a more effective accounting of these forms.
- d) The authority to purchase and place orders should be vested exclusively in the pastor or his authorized representative.
- e) New addition to the vendors list should be checked by the pastor to detect phoney vendors.
- f) The pastor should avoid pre-signing blank checks or the use of a facsimile signature stamp due to the high potential for misuse. Instead, the pastor should prioritize the bills and pay in advance only those pressing obligations and charges before he leaves, or have checks prepared in advance for his signature for those bills that he wants paid while away from the parish to be mailed later during his absence. To be prepared for any unexpected emergency situation, however, the pastor may authorize a representative to sign checks in his absence under certain restrictions (Please see Section b) under policy #2-Authorization of Transactions).
- g) No check should be issued payable to "Cash". The check should be made payable to the intended payee in order to restrict the payment of the check to only the person named on the check as payee and create a better audit trail for the transaction.
- h) Checks and money orders received should be restrictively endorsed "For Deposit Only" to the proper bank account. This restrictive endorsement ends the further negotiability of the check and prevents its encashment in case it falls into wrong hands.

- i) The parish should have an annual balanced budget to manage resources and expenditures more effectively.
- j) Preferably, the pastor should receive and open the mail regularly or, at least, on random occasions.
- k) Mail from the banks should be delivered to the pastor unopened.
- l) Bank reconciliation statements should be prepared on a monthly basis, not later than two weeks after receipt of the bank statement. They should be review by the pastor or the Finance Committee.
- m) Time cards/sheets should be used.
- n) All changes to the payroll should be controlled by the pastor to discourage "ghost payrolling".
- o) The diocesan chart of accounts should be used.
- p) Monthly financial statements should be prepared. They should be reviewed by the pastor or the Finance Committee
- q) Annual Financial Reports should be prepared and submitted to the Diocese of Gary Finance Office or or before August 31 following the end of the fiscal year.

DISBURSEMENTS

1. Disbursement should not exceed expenditure budget.
2. All disbursements should be supported by an invoice or other form of documentation, like time sheets for payroll payments, or debit advices for bank charges and debit memos.
3. Invoices should be reviewed and approved for:
 - a) Receipt of goods and services (attach to the original invoice the signed shipping document or the invoice receiving copy).
 - b) Mathematical accuracy (check quantity, unit price, and extensions).
 - c) Account distribution (write on the invoice the correct account number(s) for proper expense classification).
4. All disbursements, other than petty cash, should be made by pre-number checks. A petty cash disbursement should be supported by official receipts or a petty cash voucher signed by the pastor in the absence of receipts.
5. Paid invoices and purchase receipts should be stamped or marked "Paid" and the date of payment and check number indicated thereon to prevent the possibility of payment duplication.
6. The authority to purchase and place orders should be vested only in the pastor or his authorized representative.
7. The purchase of personal items through the parish tax-exempt purchasing system is not allowable.
8. New addition to the vendors list should be checked by the pastor to detect phoney vendors.
9. The pastor should avoid pre-signing blank checks or the use of a facsimile signature stamp due to the potential risk of misuse.
10. No check should be issued payable to "Cash". The check should be made payable to the intended payee in order to restrict the payment of the check to only the person named on the check as payee.

11. Invoices should be paid promptly to take advantage of discount offer.
12. A petty cash fund should be set up for only a minimal amount sufficient to meet petty expenses, usually around \$100.00.
13. Only the pastor and his designated petty cash fund cashier should have access to the petty cash fund.
14. All petty cash payments should be documented and reviewed by the pastor when the fund is replenished.
15. The petty cash fund should be subject to "surprise counts" to ensure that cash on hand plus documented expenses is always equal to the fund total.
16. If a check is written to replenish the fund, the check should be made payable to: "(Name of Pastor or Designated Petty Cashier) - Petty Cash Fund".
17. All disbursements, including petty cash fund payments, should be reflected in the general ledger.
18. Petty cash funds should not be commingled with funds used for charitable gifts and donations.
19. The petty cash fund should not be used as an alternative to the accounts payable system in which payments are made by pre-numbered checks. The purpose of the petty cash fund is to pay parish expenses of minimal amount when issuing a check is deemed not cost effective and not worth the time and effort involved in the check processing.
20. Supporting documents for all disbursements should be organized, filed, and made available for review to the pastor or the diocesan internal auditor upon request.

PAID INVOICES PROCESSING

The preferred method of processing paid invoices is to stamp or mark them "PAID", indicating thereon the date of payment and the check number, not only to prevent the possibility of payment duplication but also to establish a cross reference system between the checks file with the paid paid invoices file for better file management.

While the method of attaching the check duplicates or photocopies to their corresponding paid invoices may be acceptable, this method is open to the possibility that the attached check duplicate get separated from the invoice before these paired documents are permanently filed, creating confusion and a potential duplication of payment. On the other hand, the preferred method of stamping or marking the paid invoice "PAID" and writing thereon the date of payment and the check number creates a permanent inseparable payment information on the invoice itself without looking at a second or so documents to determine the status of the invoice. This method maintains separate files for the paid invoices, check stubs or check duplicates, and the cancelled (cleared) checks. The preferred method also provides "hedging" in file preservation and versatility in file management, in the sense that the paid invoice and the check duplicate, two important documents that substantiate a payment transaction, are maintained in separate files. The loss of either file does not completely deprive the parish of the valuable payment information, for there is the other file. Also, maintaining separate files of the same information under different filing criteria equates to better file management. The paid invoices are usually filed by vendors in alphabetical order while the check duplicates are filed in numerical sequence which is, in effect, also in chronological order (assuming, of course, that the normal practice of issuing checks in numerical and chronological order is faithfully observed). If payment information is needed and the vendor (payee) is known, the alphabetical criterion (paid invoices) is the quickest way to retrieve the information. If the name of the vendor cannot be recalled with certainty but the approximate date of payment can be determined, then the recourse is the numerical/chronological criterion (check duplicates file). This suggested system of filing the physical documents serves well as a backup to the electronic files just in case the computer system fails.

CHECK REQUEST FORM

DATE: ____/____/____

CHECK PAYABLE TO:

STREET ADDRESS:

CITY, STATE & ZIP:

PURPOSE:

AMOUNT OF CHECK:

ACCT. TO BE CHARGED:

ACCT. BUDGET BALANCE:

CHECK REQUESTED BY:

PASTOR'S APPROVAL:

NOTE: Attach receipt/invoice to this request.

OFFICE USE ONLY:

PAYMENT DATE: ____/____/____

CHECK NO. _____

ACCT. CHARGED: _____

AMOUNT: _____

CHECK REQUEST FORM

DATE: ____/____/____

CHECK PAYABLE TO:

STREET ADDRESS:

CITY, STATE & ZIP:

PURPOSE:

AMOUNT OF CHECK:

ACCT. TO BE CHARGED:

ACCT. BUDGET BALANCE:

CHECK REQUESTED BY:

PASTOR'S APPROVAL:

NOTE: Attach receipt/invoice to this request.

OFFICE USE ONLY:

PAYMENT DATE: ____/____/____

CHECK NO. _____

ACCT. CHARGED: _____

AMOUNT: _____

NO. _____

DATE _____

SUPPLIER: _____

ADDRESS: _____

TEL# _____
FAX# _____

PLEASE SHIP TO US AT OUR ABOVE ADDRESS THE FOLLOWING ITEMS:

[illegible]

AUTHORIZED SIGNATURE:

- ☐ Our check is enclosed.
☐ Please send us your invoice.

ADDRESS: _____

DATE: _____

[illegible]

REQUISITIONED BY:

RECEIVED AND CHECK BY:

DATE _____

APPROVED:

DATE

CASH MANAGEMENT

- a) Preparing a balanced annual budget which reflects the parish's estimated revenue for the year and its estimated expenses (which must not exceed estimated revenue).
- b) Constant monitoring of expenses to be in line with the realization of estimated revenue.
- c) Tracking cash balance on a daily basis to avoid running the account in the red.
- d) Preparing monthly bank reconciliation statement.
- e) Doing cash flow projection to anticipate possible cash scenarios and be able to respond proactively.
- f) Preparing a monthly report on the result of financial operations, taking into account only regular operating revenues and operating expenses (excluding non-operating items, like: special collection receipts and disbursements, capital income and expenses, loan proceeds and loan repayments, funds withdrawn from diocesan savings account and funds deposited to this account, and other funds not normally associated with running the parish) to get an idea of whether or not the parish is generating enough regular operating revenue to run its normal operations.

BUDGET PREPARATION GUIDELINE

The budget is defined "as a good roadmap of where we have been, where we are now, and where we should be going". The budget is a financial management tool that reflects the spending priorities of the organization to accomplish its goals.

Budget Process -

The budget process is both progressive and continuing. It is progressive in the sense that budgeting consists of series of events, all of which are related to each other, with each event or task leading to the next. And it is a continuous process since the development, implementation and evaluation of the organization's budget policy is an ongoing process. The budget process involves the following:

- (1) Defining the organization's administrative policies and translating them into budget goals and spending priorities.
- (2) The creation of a budget calendar which is a schedule of important budget preparation dates and activities culminating to the final approval of the budget document.
- (3) The compilation of financial and statistical reports to establish past and current revenue and expense records by line item categories in order to arrive at a more consistent basis of projecting future income and spending trends upon which, in addition to its expressed goals, the budget for the next year is developed.
- (4) A keen awareness of current and developing economic realities that have a potential impact on the budget and, ultimately, the organization.
- (5) The allocation by a duly constituted authority of the entity's resources among different functions pursuant to its defined goals.
- (6) The approval of the official budget document.
- (7) The implementation of the approved budget.

The Budget as a Policy Instrument

The budget is a means of establishing policy, and it is the financial method by which policy decisions are implemented. The budget is perhaps the most effective instrument for achieving policy objectives because it is the means by which financial resources may be allocated.

Balanced Budget

A balanced budget should be prepared, that is, the total projected expenditures should not exceed the total estimated revenue. Since budget figures are estimates, actual spending should be constantly monitored in order to be in line with the realization of estimated revenues.

Important Considerations to Improve Budget Estimates

Comprehensiveness -

Budget estimates should be complete. All desired or likely expenditures should be included and all potential sources of revenue should be examined. For instance, in budgeting for salaries, related expenses like health insurance, pension, FICA and Medicare expenses should also be considered. In the purchase of a company vehicle, the cost of necessary accessories, attachments, including insurance, and even possible price change, should not be overlooked.

Accuracy -

Estimates should be related to factual data and all costs associated to the main budget item should not be overlooked. For instance, in budgeting for uniforms, the budget estimate is not accurate if the additional cost of putting the insignia on the uniforms is not included.

Experience -

A thorough review of past costs and income patterns can greatly improve the reliability of budget estimates. For instance, a database of frequency of repairs on and replacement of certain equipment will greatly improve the method of budget estimation, knowing when more substantial repairs are expected and knowing when the purchase of replacement equipment is the more economical choice between purchase and incurring an ever increasing cost of repair.

Fixed and Variable Costs or Revenues

In preparing the budget, it is important to distinguish "fixed" costs from "variable" costs. Fixed costs may be defined as costs which are relatively stable for a short period of time. For instance, a monthly lease payment and other payments based on a regular monthly amortization schedule of the same amounts are considered "fixed" costs. Other periodic charges like gas and electricity, telephone, water bill, and regular payroll are also considered "fixed" costs. The fixed costs are the expenditure foundation or base. These are expenses which must be paid. Failure to meet these obligations means that the organization is bankrupt. "Variable" costs, of course, must also be paid, but the organization has a far better control over variable costs than it does over fixed costs.

Forecasting

Budget forecasting really amounts to anticipation. The organization should consider how realistic its estimates are in light of the future circumstances

in which the budget will be implemented. The key is to understand the local, regional, and national trends which may impact on the budget, and to develop budget estimates which recognize these factors. Budgetary effectiveness may be improved if revenue and expenditure estimates include future predictions as well as past experiences.

Contingencies

Since the budget officials of the organization are only human and since the ability to predict future costs and revenues is generally only a "best guess" process, the officials are generally expected to plan for the unknown, and for this reason revenue and expenditure "cushions" are built into the budget. If there is too little leeway, the organization may be unduly restricting its operational freedom and flexibility. Both for expedience and practicality, it seems better to have some flexibility in the budget than to have estimates so rigid that they collapse under even minor budgetary strain.

Revenue and Expenditure Projection

The projection of future revenues and expenditures is based on past experiences. It is important that accurate reports of annual revenues and expenditures, preferably by line item, be maintained, for these reports provide the bases of making the revenue and expenditure projections needed to prepare the budgets for the following years.

However, because needs, the economy, and budget priorities change, relying primarily on historical expenditure and revenue patterns is not sufficient to arrive at a realistic budget. Factors that have significant influence on the entity's income generating ability and expenditure for the in-coming budget year should be taken into consideration in preparing the annual budget.

Estimating Expenditures

The first step in developing a budget is to determine how much money is needed to implement the organization's operations. This decision necessarily calls for a prior determination of what the organization would like to do, and what it believes it can afford.

The key to estimating expenditures is predicting today what will be spent tomorrow. One way of predicting expenses is to project current levels of spending forward for the period of the budget. Another approach is to detail proposed expenditures as much as possible and review historical spending patterns for each category. By breaking down past expenses by classification and by department, the budget officials can then make more accurate projections of future expenditures. Any such projections, however, depend to a great extent on the effective forecasting of new trends that have impact on the budget. For instance, the rate of inflation and the consumer price index play very significant considerations in preparing a realistic budget. These information can be obtained from the local Chamber of Commerce.

One pitfall that should be avoided is that of deliberate underestimation of expenditure requirements. Underestimating expenditures simply to turn in a

low budget figure can cause severe problems if it subsequently results in a shortfall of monies to carry on necessary functions. When making expenditure estimates, it is best to err somewhat on the high side rather than the low.

Estimating Revenues

After expenditures have been estimated, it is necessary to determine how much money will be available to meet them. While the estimation of revenues is basically a process in which the budget officials must attempt to predict future income, largely on the basis of past revenue trends, known or probable changes that may impact on a particular type of revenue source should not be overlooked in arriving at a realistic estimate. As with expenditure estimates, revenue estimates should be based on factual data as much as possible but anticipated revenues should be viewed conservatively. Unlike the case with expenditure estimates, it is best to err on the low side when making revenue estimates. Severe overestimation of anticipated revenues can result in cash shortfalls which may be difficult to remedy.

Adoption of the Budget

After completing the estimates of expenditures and revenues, the mechanics of budget preparation are essentially complete. The budget is then ready for submission to the organization's governing body which is responsible for approving and adopting the budget. The budget adoption process of the organization should be in conformity with its governing laws.

Modifying the Approved Budget

There may and likely will be occasions when the budget as established in advance will prove unsatisfactory during the course of the year to which it applies.

While every reasonable effort should be made to stick with the provisions of the original budget, it should always be kept in mind that this budget was based on estimations which may not prove out in practice. Revenues or expenditures may be greater or less than expected, or there may also arise unforeseen circumstances entirely beyond the capacity of any built-in provision for contingency. The possibility of these eventualities should be recognized and provisions made for corrective measures.

The realization of estimated revenues should be constantly watched in order to be able to adjust spending accordingly, in line with realized revenue. It should be remembered that an expenditure budget does not necessarily mean funds available to be spent, but rather just an authorized limit of expenditure, based on estimates, that is dependent upon the availability of funds. If there is a significant shortfall in revenue collection from what was originally expected, it is obvious that all budgeted expenditures cannot be fully funded, hence, it is imperative that operational expenses should be judiciously reduced. This reality should be reflected in the modified budget.

NORTHWEST INDIANA CATHOLIC PAPER

ACCOUNTS RECEIVABLE INTERNAL ACCOUNTING CONTROL

The functions of authorization, handling of receipts, and accounting should be segregated and under each function the following policies and procedures are suggested:

Authorization

Price and terms of order policy should be in place.

The Customer Order form should be pre-numbered.

A completed Customer Order should be reviewed and approved.

Write-offs and no charge transactions should be authorized and documented.

Handling of Receipts

Payments sent to Finance Office

Payments sorted by income categories and deposit slips prepared separately by these categories.

The receipts are deposited by the Finance Office.

Photocopy of each deposit slip, along with the list of customers who paid, is sent to NWI Catholic to record the payments.

Accounting

Account for the sequence of pre-numbered Customer Order forms. Maintain a Customer Orders file in numerical order

Orders should be recorded as soon as they are received -- at least, daily.

The bookkeeper should be an employee other than the one who receives and writes the order. However, if this cannot be avoided due to economic constraint, greater supervisory oversight is urgent. The supervisor should routinely match (randomly, at least) the individual book entries with the corresponding pre-numbered Customer Orders on file. In the same manner, the supervisor should ascertain that credits to the customer accounts for "write-offs" and "no-charges" are authorized and documented.

Update Cash Receipts Journal daily to reflect receipts which should agree with the total amount of payments received and deposited for the day.

A monthly accounts receivable activity report should be prepared and submitted to the supervisor, showing the balance at the beginning of the month, orders received during the month, payments received for the month, and the resulting accounts receivable balance at the end of the month.

An accounts receivable aging summary by customers should be prepared to monitor collection effectiveness and as a future reference for granting credit to a customer.

**F. CATHOLIC SCHOOL
ENDOWMENT FUND**

**DIOCESE OF GARY
GUIDELINES FOR IMPLEMENTATION
OF A CATHOLIC SCHOOL ENDOWMENT FUND**

With the ever-increasing cost of maintaining quality Catholic education and with the anticipation of further increases in the years to come, the Diocese of Gary hereby encourages its schools to establish a Catholic School Endowment Fund sub-account in accordance with this Protocol and the attached Charter.

The following steps are to be followed in the establishment of a Catholic School Endowment Fund. This procedure is effective April 1, 1999.

1. The Diocesan Catholic School Endowment Fund will be a master pooled fund with sub-accounts for each participating entity. Individual sub-accounts include those for parish grade schools, as well as our high schools, and a sub-account to support education on a diocesan-wide basis. The Diocesan Catholic School Endowment Fund will be a segregated account with its own investment strategy under the supervision of the Bishop, in collaboration with the Diocesan Finance Council.
2. Monies, securities and/or real estate donated to each sub-account must originate from income sources which, under ordinary circumstances, would not be given to the parish for normal operating purposes. The principal and or "corpus" of each sub-account will be co-mingled with the Diocesan Investment Portfolio, for investment purposes only, but the income for each sub-account shall be separately accounted for.
3. Each sub-account will receive the full Diocesan total return less the fixed cost of 1 ½% of the total market value annually to defray the cost of Diocesan administration.
4. The amount of annual distributions shall be any amount up to the net total return. The net total return is the full Diocesan total return less the fixed administrative costs of 1 ½% of the total market value annually.
5. The Pastor*, in consultation with the Parish Pastoral Council, Parish School Board, Finance Committee or similar body of the laity, shall approve the establishment of a Parish Catholic School Endowment Fund sub-account. The approval will be in accordance with the attached Protocol as approved by the Bishop.

6. **The Pastor will notify the Bishop, in writing, of this action. The Fund sub-account will officially be established when the Pastor of the parish school receives the Bishop's written permission.**
7. **An initial deposit of \$5,000.00 will be required to establish a sub-account. Once a sub-account is established there is no minimum amount for additional contributions.**
8. **An overall financial report of the Catholic School Endowment Fund will be issued to each participating entity on an annual basis.**
9. **The net total return earned for the sub-account of any participating entity shall be accumulated and added to the corpus unless the entity advises the Bishop or his delegate that it wishes income to be distributed. A participating entity's interest in the corpus of the Diocesan Catholic School Endowment Fund may be withdrawn only under ordinary circumstances and only with the express written approval of the Bishop.**
10. **Existing School Endowment Funds may be folded into the Diocesan Catholic School Endowment Fund.**

***In the case of a high school Principal after consulting with the School Board, initiates the establishment of a school endowment fund by sending a written notice to the Bishop stating that they desire to establish a fund.**

THE CATHOLIC SCHOOL ENDOWMENT FUND PROTOCOL

I. PURPOSE

An endowment is the legal means of establishing a fund for the perpetual benefit of an organization or an institution. Through donations and gifts, the fund assets are managed and invested providing income as an ongoing source of revenue for the organization or institution.

A Fund sub-account of the Diocesan Catholic School Endowment Fund shall provide long-term financial support to those schools who choose to participate by accepting the provisions as set forth herein, and by adopting the attached Charter and "Implementation Guidelines."

II. DEFINITIONS

Net Total Return. The full Diocesan total return less the fixed administrative costs of 1½% of the total market value annually.

Restricted Endowment. A fund in perpetuity from which only a pre-established portion of the net total return shall be used to support the purposes.

Fund Assets. All Diocesan Catholic School Endowment Fund assets acquired from special gifts, bequests and specific appeals, but not from normal revenues.

Participating Entity. A parish school, a community school or a high school of the Diocese of Gary which elects to establish, by Charter, a sub-account of the Diocesan Catholic School Endowment Fund for the long-term support of its school, in accordance with the terms and conditions set forth in this Protocol, and attached Charter and "Implementation Guidelines."

Segregated Account. A diocesan account established for a specific purpose and restricted as to its use. Segregated accounts are co-mingled with the Diocesan Investment Portfolio for investment purposes only but are all counted separately and receive individual financial reports.

Sub-Account. A diocesan account which is but a specific part of a larger designated account. Assets of a sub-account are "pooled" with assets of other sub-accounts for investment purposes only but remain independent and for the sole benefit of the sub-accounts sponsoring entity.

III. GENERAL PROVISIONS

A Catholic School Endowment Fund shall be a "Restricted Endowment" and the net total return derived therefrom shall be used by participating entities exclusively for the support of their schools.

- A. A participating entity shall deposit assets, (cash, securities, personal and/or real estate), in the Diocesan Catholic School Endowment Fund upon creation of a school endowment fund sub-account. The assets of each sub-account shall be co-mingled with the Diocesan Investment Portfolio for investment purposes only, but the income of each sub-account shall be separately stated and separately accounted for.**
- B. The investment of the Diocesan Catholic School Endowment Fund total assets shall be under the supervision and direction of the Bishop in collaboration with the Diocesan Finance Council or a committee of said Council, which appropriate delegation of responsibilities shall have been made. Each Catholic School Endowment Fund Sub-Account shall receive the apportionate net total return from the investment of the combined and total assets of the Diocesan Catholic School Endowment Fund. The net total return from each participating entities Sub-account's assets, other than such money on deposit, shall inure to the benefit of each participating entity. The Diocese of Gary will receive 1½% of the total market value each year for administrative services.**
- C. The fiscal year of the Fund shall be from July 1 to June 30.**
- D. If a participating entity ceases to operate, the entity's interest in the Fund will revert to the entity's school to be used in accordance with general Diocesan regulations. If an entity's school is consolidated with another school or schools, the interest of the entity whose school is be consolidated with another school shall continue to be credited to the sub-account of such entity, but any income withdrawal from such sub-account shall be used for the support of the consolidated school.**
- E. If an entity that has established a Sub-Account of the Diocesan Catholic School Endowment Fund closes (canonically suppressed), then its' endowment assets shall revert to the Diocesan Catholic School Endowment Fund for the general purpose of supporting and maintaining Catholic schools in the Diocese of Gary.**

CATHOLIC SCHOOL ENDOWMENT FUND CHARTER

Article I

Name

The name of the Parish School Endowment Fund Sub-Account shall be the *(insert the name of the entity)* Catholic School Endowment Fund Sub-Account.

Article II

Purpose

The purpose of the Fund shall be solely to perpetuate, partially support and uphold the educational work of the school. Any use or restrictions of the interest or net total return of this Fund by the Endowment Board Members shall be in conformity with this basic purpose and the provisions of the attached Protocol.

Article III

Depositing of Principal Assets

The cash, securities and other assets of this Fund will be deposited in the Diocese of Gary Catholic School Endowment Fund as a restricted fund and segregated account. Income from real or personal property, other than money, shall inure to the benefit of the participating school. Such assets shall be under the supervision of the Bishop in collaboration with the Diocesan Finance Council or a committee of such Council to which appropriate delegation of responsibility shall have been made. The Fund may hold assets indefinitely. If at any time this real or personal designated for School Endowment Fund property is liquidated, the proceeds shall be deposited in the School Endowment Fund.

Article IV

Endowment Fund Board Members

The Pastor and the Principal shall be ex-officio voting Fund Board Members. The Pastor shall have the power to name and/or remove the non ex-officio Fund Board Members. The minimum number of Fund Board Members shall be seven (7) and the maximum shall be nine (9), inclusive of the Pastor and the Principal. The terms of office of the non ex-officio Fund Board Members shall be three (3) years, with not more than three (3) terms ending in a given year if the Board consists of nine (9) members and not more than two (2) members of a Board consisting of seven (7) members. These Endowment Board Members' terms of office are renewable once, exclusive of initial shortened terms. The Pastor shall send the names and addresses of the initial members of the Fund Board to the Bishop or his delegate. Each time there is a change in the membership of the Fund Board, the Pastor will notify the Bishop or his delegate, in writing, of the change in membership, and will provide the names and addresses of the new members.

Article V
Powers and Duties

- a) To receive, to take by gift or otherwise acquire monies (cash, securities and/or real estate) for the purpose of building the “corpus” of the Fund which is to be deposited as a sub-account of the Diocesan Catholic School Endowment Fund.
- b) To determine whether to accept all or a portion of the net total return of the Parish Fund Sub-Account, in part or in whole, or to reinvest the net total return in part or in whole in the total corpus.
- c) To raise all funds and promote gifts and donations for the benefit of the Parish Fund’s sub-account.

Article VI
Officers

The officers of the Parish Catholic School Endowment fund’s sub-account shall be the President, Secretary/Treasurer, which two (2) officers shall be held ex-officio by the Pastor and the Principal, respectively.

Article VII
Voting

A majority of the Endowment Board Members in office shall constitute a quorum. Except in the case of invading the principal assets of the Fund or extinguishing the Fund, a two-thirds (2/3) majority vote of all Board members, including the Pastor and the Principal, shall be necessary to take action.

Article VIII
Meetings

The Endowment Board members shall meet at least semi-annually to review and decide matter relating to the Fund.

Article IX
Adjudication of Disputes

The Bishop shall have the authority to settle disputes regarding this Fund.

Article X
Invasion extinguishment

A two thirds (2/3) majority vote of the membership is required to invade the principal assets and/or extinguish the Fund, accompanied by the written permission of the Bishop. If the purpose of this Fund is no longer attainable in the sole judgement of the Bishop, this Fund may be extinguished by the Bishop, who shall indicate that fact in writing to the Pastor of the above-named Parish.

Article XI
Reversion of the Fund

In the event the School Endowment Fund is extinguished, the accumulated interest and the principal assets will revert to the parish school, to be used in accordance with general Diocesan regulations. If the parish is closed (canonically suppressed), all of the accumulated interest and the principal assets of the Fund shall revert to the Diocesan Catholic School Endowment Funds for the general purpose of supporting and maintaining Catholic schools in the Diocese of Gary.

Article XII
Nature and Notification of Donors

The assets of the Fund shall be derived primarily from special gifts, bequests and special parish appeals, devoted to the above-named educational charity, but not from the normal parish revenue. This Fund is not a private Fund under any civil tax regulations.

Article XIII
Amendment

The Fund is not officially established until the Pastor of the Parish of the above-named school receives the Bishop's written permission. This Charter may be amended by unanimous vote of the membership of the Board. Amendments shall be first sent to the Bishop. Such amendment shall become effective upon written approval from the Bishop.

Article IV
Annual Reports

A written report of the disposition of the Fund and its activity shall be issued to each participating entity by the Diocesan Office of Finance within thirty (30) days of receipt of the fiscal year end investment report.

**G. USCCB GUIDELINES
FOR EMPLOYEE
COMPENSATION AND
RECORDS RETENTION**

VI

Compensation of Lay Employees of the Church: *Employee or Independent Contractor?*

The mission of the Church requires the efforts of the ordained, the professed, and the laity. When the efforts are in the form of paid compensation to lay people, it is important to record and report the compensation properly. Two methods are prescribed by the Internal Revenue Service (IRS) to report compensation: Form W-2 for employees, and Form 1099-MISC for independent contractors. Once a parish determines the employment status of a lay worker, the reporting procedures are quite straightforward and perfunctory. The challenge lies in the determination of the employment status.

At either extreme, there is little debate. A parish classifies a full-time lay worker with benefits (e.g., a maintenance worker, secretary, or school teacher) as an employee and thus withholds federal, state, and local taxes; withholds and matches Social Security (FICA) taxes; and reports compensation and withholdings on Form W-2. A parish that hires an outside service to repair the boiler considers the service to be an independent contractor and issues a check with no withholding. At the end of the calendar year, if such payments are made to non-corporate entities (usually individuals), are for services rendered (not for materials), and have accumulated to \$600 or more for the year, then the parish will issue that person a Form 1099-MISC.

It is the in-between worker that becomes a matter of dispute: the once-a-week organist, part-time housekeeper, or volunteer youth worker to whom a stipend is paid. As a general rule, when in doubt, consider the worker an employee and issue Form W-2 for three reasons:

1. The worker generally prefers Form W-2. Usually unsophisticated in tax matters, workers do not want to file the extra forms required of an independent contractor, nor pay both sides of the Social Security tax (self-employment tax) and have no withholding throughout the year.
2. The IRS prefers Form W-2 because historically they have much greater compliance in tax payments with Form W-2 versus Form 1099-MISC. This results in greater scrutiny of tax returns for filers who receive Form 1099-MISC than those who receive Form W-2.
3. The government will get its money either way. The worker using Form 1099-MISC must pay income tax and both sides of the Social Security tax. When Form W-2 is used instead, the parish pays one half of the Social Security tax. Knowing this, the parish and worker can agree on an adjusted wage rate reflecting the Social Security tax

burden put upon the parish for issuing Form W-2.

However, there are legitimate reasons to accurately determine the employment status of a lay worker, rather than simply to issue a Form W-2. Perhaps the parish has no other employees and would like to avoid the added quarterly and annual reporting associated with withholding taxes if the parish considers the worker an employee. Or perhaps the worker prefers the independent contractor status for tax benefits, whether real or perceived. Preferences by the worker or parish will not govern the classification in themselves, but these may be reasons for a parish to ascertain the proper classification.

Up through 1987 there was limited guidance to determine employment status, so such determinations were quite subjective. Then in 1987 the IRS announced,

As an aid to determining whether an individual is an employee under the common law rules, twenty factors have been identified as indicating whether sufficient control is present to establish an employer-employee relationship. The twenty factors have been developed based on an examination of cases and rulings considering whether an individual is an employee.

The IRS lists the twenty factors in Revenue Ruling 87-41. Each factor's abbreviated title follows:

1. Instructions
2. Training
3. Integration
4. Services Rendered Personally
5. Hiring, Supervising, and Paying Assistants
6. Continuing Relationship
7. Set Hours of Work
8. Full Time Required
9. Doing Work on Employer's Premises

10. Order or Sequence Set
11. Oral or Written Reports
12. Payment by Hour, Week, Month
13. Payment of Business Expenses
14. Furnishing of Tools
15. Significant Investment
16. Realization of Profit or Loss
17. Working for More Than One Firm
18. Services Available to Public
19. Right to Discharge
20. Right to Terminate

However, the IRS has in recent years decreased reliance on the twenty factors and instead increased emphasis on the three-category approach. The following excerpt from the IRS website (www.irs.gov) explains the new approach:

Where there is no controlling statute, a worker's status is determined by applying the common law test, which applies for purposes of FICA, FUTA, Federal income tax withholding, and the Railroad Retirement Tax Act. A worker's status under the common law test is determined by applying relevant facts that fall into three main categories: behavioral control, financial control, and the type of relationship itself. In each case, it is very important to consider all the facts—no single fact provides the answer.

Behavioral Control. These facts show whether there is a right to direct or control how the worker does the work. A worker is an employee when the business has the right to direct and control the worker. The business does not have to actually direct or control the way the work is done—as long as the employer has the right to direct and control the work. For example:

- *Instructions*—If you receive extensive instructions on how work is to be done, this suggests that you may be an

employee. Instructions can cover a wide range of topics, for example: how, when, or where to do the work, what tools or equipment to use, what assistants to hire to help with the work, and where to purchase supplies and services. If you receive less extensive instructions about what should be done, but not how it should be done, you may be an independent contractor. For instance, instructions about time and place may be less important than directions on how the work is performed.

- *Training*—If the business provides you with training about required procedures and methods, this suggests that the business wants the work done in a certain way, and you may be an employee.

Financial Control. These facts show whether there is a right to direct or control the business part of the work. For example:

- *Significant Investment*—If you have a significant investment in your work, you may be an independent contractor. While there is no precise dollar test, the investment must have substance. However, a significant investment is not necessary to be an independent contractor.
- *Expenses*—If you are not reimbursed for some or all business expenses, then you may be an independent contractor, especially if your unreimbursed business expenses are high.
- *Opportunity for Profit or Loss*—If you can realize a profit or incur a loss, this suggests that you are in business for yourself and that you may be an independent contractor.

Relationship of the Parties. These are facts that illustrate how the business and the worker perceive their relationship. For example:

- *Employee Benefits*—If you receive benefits, this is an indication that you are an employee. If you do not receive benefits, however, you could be either an employee or an independent contractor.
- *Written Contracts*—A written contract may show what both you and the business intend. This may be very significant if it is difficult, if not impossible, to determine status based on other facts.

When applying these criteria to a particular employment scenario, a preponderance of factors usually emerges. However, in uncertain cases, employers have the option of filing Form SS-8: a form designed by the IRS that asks in essence the twenty questions outlined above. The IRS is usually not quick in responding to a Form SS-8 inquiry; and if the employment status is so uncertain, it is likely that the IRS will rule in favor of employee status.

Finally, parishes often benefit from contributed services. A parishioner may volunteer to clean the church every week, or a carpenter may replace the windows and only charge for materials. These acts of charity are welcomed, but often the volunteer asks for a tax receipt for the contributed services. After all, the volunteer saved the church hundreds of dollars in labor costs, and the volunteer could have been making money elsewhere had he or she not been volunteering.

While it is permissible to write a letter thanking the volunteer for donating his or her time that saved the church \$500 in labor costs, it is not permissible to give the volunteer a tax receipt or include the value of the services on the volunteer's annual contribution statement. Contributed personal labor is *not deductible*.

XVI

Records Retention

INTRODUCTION

The records retention guidelines¹ for diocesan/parish records were prepared to assist dioceses' and/or 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 diocese/parish may have a series of records not mentioned here. Retention periods were devised based on canon law, state and federal statutes, and practical diocesan/parish realities. If questions arise regarding records-related issues, please contact the appropriate office at your diocese for additional information.

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 diocesan/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 dioceses/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 diocese/parish.

¹ Initial format and contents drawn from Archdiocese of Milwaukee, *Records Retention Guidelines for Parish Records* (Milwaukee: Archdiocese of Milwaukee, 1998).

Records Type	Retention Period
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

Records Type	Retention Period
Parish council minutes	Permanent
Diocese/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 diocesan/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. In many states, employees and former

employees have the right to inspect their own personnel files. The diocese/parish/organization/ employer 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
PERSONNEL ACTIONS	
Applications rejected	1 year
Employee evaluations	2 years after termination
Personnel files, terminated	7 years
Termination records	7 years

Records Type	Retention Period
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

C. Financial and Accounting Records

Records Type	Retention Period
FINANCIAL	
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

Records Type	Retention Period
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 accounts	7 years
Cash books	Permanent
Cash journals	Permanent
Cash journal, receipts on offerings, and pledges	Permanent
Receipts	7 years
Mortgage payments	7 years

Records Type	Retention Period
Other Records	
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	Permanent
Tax Records	
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
Form 990	Permanent
State tax exemption certificates (<i>income, excise, property, sales/use, etc.</i>)	Permanent

D. Property Records

Records Type	Retention Period
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

Records Type	Retention Period
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

Records Type	Retention Period
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	Retention Period
Baptism register	Permanent
Confirmation register	Permanent
First Communion register	Permanent
Death register	Permanent
Marriage register	Permanent
Marriage case files	Permanent