

Tips For Treasurers



THE DIOCESE OF COLORADO

Jan. 31, 2006

Start the Year Off Right—Payroll and Pension

There are always a number of house-keeping items and requirements that come with the start of the New Year. We will attempt to highlight the most important in this issue, which, hopefully, may serve as a checklist for each of you.

W-2's and 1099's: All W-2's and 1099's should have been distributed to employees and contractors by the end of January. It is OK to transmit these items in February to the IRS and State agencies.

New Employee W-4's: The previous W-4's are good until replaced. However, it is recommended that new ones be completed as a reminder to employees to change payroll deductions or special withholding instructions in the event their personal situations have changed. It is also recommended that clergy complete a W-4, even if they have no taxable compensation. They may designate a specific withholding amount which will cover their self employment tax, thereby saving them the need to make quarterly estimates or incur penalties for underpayment at the end of the year.

Salary Changes to Clergy Pension Fund: By now all clergy salary changes (and lay salary changes, if enrolled in the Pension Fund) should have been submitted so that the Pension Fund can bill the

appropriate amounts due for pension contributions.

Lay Employee Pension Benefit: By resolution of General Convention and Diocesan Policy, all employees who work at least 1,000 hours per year (roughly about 20 hours per week or more) are to be enrolled in a pension plan. Eligibility is after one year of service. When the employee reaches the one year anniversary they should be enrolled, but this is often overlooked. Review your roster of employees to see if any have met the one year eligibility requirement, then get the year started off right by enrolling them as of January 1. You may use the Defined Benefit or Defined Contribution Plan offered by the Clergy Pension Fund or an equivalent product from another source. Defined Benefit Contributions are 9% with no employee contributions allowed; the Defined Contribution Plan calls for a 5% employer contribution plus an additional matching contribution of up to 4%, bringing the total maximum employer contribution to 9%. The employee contribution (which qualifies as salary reduction for tax purposes) may be more than 4%, up to the maximum amount allowed by law (\$15,000 in 2006), and is accomplished through payroll deduction. To enroll employees call Janice Jeffries at the diocesan office.

Inside:

Diocesan Reporting

Accounting Records Retention

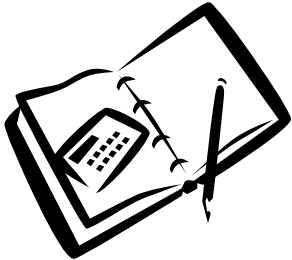


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Tips For Treasurers

Annual Diocesan Reporting

Your congregation's reporting to the diocese helps to support and uphold our common life. The Diocesan Staff is grateful for the time and attention our congregations devote to this important task.



Annual Personnel Reports: The annual Personnel Report is **due by March 1**. This report is used to update the diocesan data base, insuring that the clergy and lay leaders in your congregation receive important, timely communications from the diocese. You may download the report form from the diocesan web site.

2007 Pledge Forms: Pledge Forms for the New Year were sent to all treasurers (those who are on the finance office data base) in December and are available on the diocesan web site. They are **due by March 1**, in conjunction with the Parochial Report. The form has been simplified this year to eliminate the duplication of information found on the Parochial Report.

2006 Parochial Report: The National Office mailed the Parochial Report forms and instructions to all congregations in December. If you did not receive yours, the forms are also downloadable from the Diocesan web site. Most will not need a hard copy of the form, however, since it is completed on line at the National Church Parochial Report Web Site. After entering the data, you should then print out a completed copy of the report, have it signed, and forward it to the Finance Office at the Diocese. **Please don't forget that there are instructions for the Parochial Report that are specific to Colorado and a Colorado Supplemental Report.** These, too, are available on the Diocesan Web Site. If you have misplaced your pin number that is required for access to the web site, you may call the Finance Office at the Diocese. **These reports are due to the Diocese by March 1, along with the Pledge Form.**



2006 Audit Report: Because the Audit Report is not due canonically until September 1, it does not get the attention it deserves early in the year. By the February meeting of the vestry or bishop's committee, the method of completing the audit should be determined and the

auditor engaged or internal audit committee identified. **The Preliminary Audit Report form reporting this activity is due to the Diocese by March 1.** The audit is most valuable when it is completed shortly after the beginning of the year for the prior year. Thus, any recommendations of the auditor or the audit committee may be acted upon early, thereby benefiting the current year operation. Compliance with the audit requirement was poor last year, with only approximately 1/3rd of the congregations completing the 2005 audit by the end of 2006. To encourage better compliance, the Diocese has a limited amount of funds to assist congregations in paying for an audit. If your congregation has not had an audit in the last two years and can neither put together an audit committee nor afford the full cost of an audit, you may request a grant from the Diocese. If you believe you qualify for this assistance, contact The Rev. Canon Bill Martin, who will administer these funds.

About Records Retention

As you close out the old year and set up for the new, give consideration to the orderly retention of the prior year records. If these records are well organized and readily available, you will save yourself a bunch of work when the auditor arrives. In most cases, one or two of the cardboard file storage boxes will suffice, containing (but not necessarily limited to) the following records: **Monthly Financial Statements** (Balance Sheet, Income Statement and any other special reports that may be provided monthly to your vestry; a printout of the full year **General Ledger; Receipts Journal and Disbursement Journal; Journal Entries** and support; Supporting detail of **Bank Deposits; Bank Statements, Savings Statements, Broker Statements** and related Reconciliations for each month; and, the **Paid Vendor Files**. By having these documents organized in advance, the auditor, be it an outside auditor or audit committee, will be able to begin their work immediately and complete it quickly for a minimum of cost in time or money to the congregation. Remember also, if there are organizations within the church that have their own treasurers and account for their own funds, these same records need to be retained and made available to the auditor.