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### INTERNAL REVENUE FORMS

**W-2-G** At the end of the calendar year, it is time to prepare and issue Form W-2G, file Form 945 if necessary, and issue Form 1099 MISC to landlords and vendors. If you have not already done so, you should visit the Internal Revenue Service website, and place your order for forms, instructions, and publications. It generally takes about two weeks for the order to arrive. As a reminder, the forms must be issued and filed by January 31, 2019.

# 1099

### CONTRIBUTION SUBSTANTIATION

As the end of the calendar year approaches, many parishes receive requests from donors for acknowledgement of their contributions for the year. In order to protect the deductibility of the donors' contribution, make sure the acknowledgement issued by the parish contains the name and address of the church, a listing of contributions showing the date and amount of each contribution, and a statement if any goods or services were exchanged for the contribution. If any of these items are not included on the acknowledgement, your donor may be denied a deduction for charitable contributions. If requested, a parish must issue an acknowledgement to a donor.

Due to the changing tax laws, certain individuals may not be able to itemize deductions, and therefore, may not be able to gain an additional benefit of deducting charitable contributions. When advertising to donors that their contributions to the parish are tax deductible, it is advisable to state that **contributions are tax deductible as allowed by law.**

### BALANCE SHEET INSPECTION

All parishes in the Diocese are utilizing Paycor for payroll processing services. This means that all payroll taxes and related deductions are being remitted to the appropriate tax filing agencies. It is a good idea to review the balance sheet at the end of the month to make sure that a zero balance exists at the end of the period for employee withholding. The only balance that might be in the account would be for those deductions that you remit directly, such as health insurance deductions and 403B deductions. At the end of each pay period, those deductions should be remitted and therefore at the end of the month no balance should exist in the payroll withholding account on your balance sheet. If a balance exists at the end of a month, it must be investigated promptly and resolved.



### PAYCOR TIP

The natural tendency when using a payroll service is to trust the reports produced by the system. The reports that are system generated assume certain data characteristics. If there is additional information in your system that is not in the standard system profile, the data included in the system reports may not reflect the intended result. It is important to carefully review the system generated reports to ensure the data included is reported correctly. For example, the system generated SUI Wage list can be used to report the unemployment wages and eligible employees to ACR on a quarterly basis. The report is designed to exclude clergy from the data set. If your clergy are not labeled as clergy in the Paycor system or the indicator in the employee profile does not exclude unemployment, the clergy might erroneously appear on the report.



### 2018 OFFERTORY CONTRIBUTIONS

Care must be taken at the end of December regarding offertory collections and other donations. Donation received or postmarked on or before December 31<sup>st</sup> are included in 2018 contributions. Donations received or postmarked on or after January 1, 2019 are included in 2019 contributions. The date you receive the contribution, not the date of the check, determines the appropriate year.

## WINTER STORM PREPAREDNESS

With winter fast approaching, it is a good idea to prepare the parish office functions in the event of a prolonged winter storm or power outage. While the following is not exhaustive, it is a good idea to check the following:

- \* Please be sure to test your ability to access the payroll system from somewhere other than the parish office in advance. One of the advantages of using an on-line system is that the payroll can be processed somewhere other than the parish office. The designated payroll person should test his/her connection and capability of remote processing to be sure that payroll could be processed. Delaying payroll to a date beyond the scheduled pay date is not permitted.
- \* It is also a good time to test the parish back-up of essential computers, computer networks, and software programs with data. A power outage is never anticipated and if the power is interrupted and major systems do not reset themselves, you may need to rely on a backup system to get things up and running again. If you do not have a reliable back-up system or procedure, the Diocesan Information Technology Department can assist you in looking at your options.
- \* Make sure there is a plan for the physical safety of employees and visitors to the property. It is important to maintain the walkways, steps, and parking lots in the safest manner as possible. The snow should be cleared and ice melter applied as necessary. Please do not risk someone falling by not clearing the snow.
- \* Make sure outdoor lighting is in good repair and all the fixtures have working bulbs. It is darker at an earlier hour and all the lights need to be illuminated for safety and security.
- \* Please be careful when utilizing space heaters in parish offices, school buildings, and the rectory. It is critical that someone ensures that all heaters are off when leaving the area and that heaters are not overloading circuits, extension cords, or power strips. When possible, void use.
- \* Be sure that there is a notification system in place to let the parish employees and parishioners know if activities are to be cancelled in the event of severe weather.

## WHY IS THIS INTERNAL CONTROL IN PLACE?

### QUESTION

Why do we require offertory counting teams to rotate periodically?

### ANSWER

A basic procedure in any cash handling operation is the rotation of personnel in different roles within the function. Rotating teams, and duties among the team members, will help to ensure that no person will become so familiar with the internal control procedures and look for ways to circumvent the controls. It is also a way to recruit volunteers for counting the collections. It is easier to recruit a volunteer for once or twice a month instead of every week.

(Submit your question to [garnold@dioceseofcleveland.org](mailto:garnold@dioceseofcleveland.org))

### SOFTWARE TIP

It is a best practice to NEVER VOID or DELETE transactions in any software system. This has the possibility of changing historical financial reports. The preferred solution is to create a journal entry to make any necessary changes.

## SCHOOL DISTRICT WITHHOLDING

One of the required documents to be maintained in an employees' personnel file is an Ohio IT-4 Form, the Employee's Withholding Exemption Certificate. It is important to pay attention to what fields an employee completes on the form. If an employee provides a public school district of residence and a school district number, you need to check with the municipality where the employee resides. If the school district where the employee lives is a taxing school district, it is required that you withhold school district income taxes in addition to the state and local income tax. It is a best practice to check the IT-4 for school district status of each employee upon hiring and when employees change addresses.

# Merry Christmas!

<b>Dates to Remember</b>	Prior to final December payroll	Ensure that the Group Term Life taxable amount is processed through the payroll system for all eligible employees. Any cash or gift card must be processed through payroll for all employees.
	December 31, 2018	Perform reconciliation and remit designated collections.
	January 15, 2019	Due date for Unemployment and Workers' Compensation reports to be sent to ACR and payment processed for each.
	January 31, 2019	Interim report toolkit due to the Finance Office for the period July 1, 2018 through December 31, 2018
	January 31, 2019	W2-Gs, FORM 945, FORM 1099 (box 7) due to recipients and IRS.
	January 31, 2019	Priest retirement payment due to the Priests Retirement Plan
	January 2019	Begin budget preparation for Fiscal Year 2019-2020