

Church Treasurer's Handbook



*Presbytery of West Virginia
Church Treasurer's Handbook*

| | |
|--|----|
| Table of Contents | 2 |
| Introduction | 9 |
| Getting Started | 10 |
| <u>Working within the Congregation</u> | 11 |
| 1. Handling Receipts | 12 |
| a) Pledge Envelopes and Loose Offering | 13 |
| b) Regular and Special Offerings | 14 |
| c) Acknowledgements..... | 15 |
| d) Timing of Receipts – Year End Problems | 16 |
| e) Designated Gifts | 20 |
| f) Handling Bequests, Memorial Gifts, and Tributes..... | 22 |
| g) Separation of Duties for Internal Control - Collect/ Count/ Deposit/ Pay Bills/ Bank Reconciliations by Other Than Money Handlers | 25 |
| h) Training the Counting Board..... | 26 |

| | |
|---|----|
| 2. Handling Disbursements | 27 |
| a) Bills | 29 |
| b) Voucher System for Payments – Accountability. | 31 |
| c) Reimbursement Rates for Mileage – Volunteers..... | 32 |
| d) Two Signatures on Checks | 33 |
| e) Numbered Checks..... | 33 |
| f) Handling Special Offerings..... | 34 |
| g) Designated Gifts | 35 |
| | |
| 3. Payroll | 36 |
| a) Clergy and Non-Clergy on Payroll..... | 37 |
| b) Pay Periods | 38 |
| c) Forms Kept In-House: <u>E</u> mloyees: IRS Form W- 4; Department of Homeland Security Form I-9 (USCIS Form); <u>N</u> on-Employees: IRS Form W-9; Form 1099-MISC (Issued at Year End if Pay ≥ \$600)..... | 39 |
| | |
| 4. Other Record Keeping and Reporting | 40 |
| a) Reporting to Members via Quarterly and Annual Reports; Form 8283 (Non-Cash Charitable Contribution) | 41 |
| b) Reporting to the Session and the Congregation. | 42 |
| c) Reporting to the Denomination/The Annual Statistical Report..... | 44 |

| | |
|--|------------|
| d) Reporting to the State; Obtaining Your Church’s Business Registration Certificate Which Provides Your Church’s Employer Identification Number (EIN); State Income Tax Withheld | 45 |
| e) Reporting to the Federal Government – Form W-2; Form W-3; Form 941; Form 1099 – MISC; Form 5578; Form 8282; Form 8283..... | 47 |
| f) Transaction Ledger and Checkbook | 48 |
| g) Record Retention Guidelines..... | 49 |
| 5. Audits/Annual Review..... | 50 |
| 6. Accounting System and Computers..... | 51 |
| 7. Insurance – Property and Liability (G-3.0112); Worker’s Compensation; Medical, Death and Disability; Others | 53 |
| 8. Funding – Stewardship Campaigns | 54 |
| 9. Annual Budget | 56 |

| | |
|--|-----------|
| 10. Working with the Finance/Stewardship Committee. | 57 |
| 11. Working with the Session Acting as Trustees? | 61 |
| 12. Endowments and Other Special Funds..... | 61 |
| 13. Congregational Organizations with Their Own Treasurers..... | 62 |
| 14. Capital Funds Campaigns..... | 63 |
| <u>Working with the Presbytery</u>..... | 65 |
| 1. The Importance of Support by Churches..... | 67 |
| 2. Process..... | 68 |
| a) Challenge Letters; Include Per Capita Assessment..... | 69 |
| b) Remit at Least Quarterly (Preferably Monthly) Payable to “The Presbytery of West Virginia” | 70 |
| c) Quarterly Summary Sheets Sent to Congregations; Input Invited if in Error..... | 71 |

d) Year End Report in January – Can Be Used for the Annual
Statistical Report72

3. Resources Available.....72

Working With the Board of Pensions.....73

1. Effective Salary74

2. Member Change Form.....75

3. 403(b) Retirement Savings Plan.....76

4. Calculating Dues77

5. Imputed Income77

6. New Starts and Terminations78

| | |
|---|----|
| <u>Working With Pastors</u> | 80 |
| 1. Presbytery Minimum Compensation | 80 |
| 2. Clergy Salary | 81 |
| 3. Housing Allowance or Manse | 82 |
| 4. Manse Equity Fund | 82 |
| 5. Other Allowances and Benefits | 83 |
| 6. Employee vs. Self-Employed | 87 |
| 7. Accountable Reimbursement Plans | 88 |
| 8. Taxes | 88 |
| 9. Annual Review of Pastor’s Terms of Call | 89 |
| 10. Termination of a Pastoral Relationship | 90 |

An Afterword91

Resources for Treasurers..... 92

1. *Church Law & Tax Report*, Published bi-monthly by Christian Ministry Resources
2. *Church & Clergy Tax Guide, 2014 Edition*, published by Christian Ministry Resources
3. *Church Finance Today*, Published monthly by Christian Ministry Resources
4. *Tax Guide for Ministers and Churches*, Published by the PCUSA Board of Pensions
5. *Tax Guide for Churches and Religious Organizations* Internal Revenue Service

Appendix A

Helpful People, Important Numbers and e-mail Addresses 93

Appendix B

Current Year Rates for IRS, Presbytery and Board of Pensions...94

Appendix C

“Record of Offering” Form Sample 95

Presbytery of West Virginia

Church Treasurer's Handbook - 2015

Introduction

Welcome to your ministry as Church Treasurer. You've been recognized among the members of your congregation as one with the interest, knowledge, skills, maturity and dedication to Christ and the church necessary for this special position of service. The session has voted to entrust you with the responsibilities of receiving, recording, safekeeping, disbursing, and reporting on the congregation's funds, enabling support of the church's mission through the financial giving of members and others. The session is accountable for ensuring that these responsibilities are met, which makes you part of a larger team as a specialist in the congregation's stewardship of God's gifts for carrying out the worship and work of the church.

This handbook is presented to you by your presbytery as an aid in fulfilling your responsibilities under the supervision of the session or the board of deacons (if your congregation uses the office of deacon) as the session directs. It expands upon and gives practical directions and assistance for carrying out the requirements of the **Book of Order 2011/2013, articles G-3.0113 and G-3.0205**, which you should read before beginning to call upon the help in your *Church Treasurer's Handbook*. May God bless you in your ministry as you learn about the work to which God and the church has called you.

Getting Started

Getting started as church treasurer brings you a range of responsibilities, some of which are standard financial practices and some of which are particular to the **Presbyterian Church (U.S.A.)**. You may be wondering how to get your bearings and get started.

Some things, like receiving the offering during worship, you've seen along with everyone else. Perhaps you've helped to count the money which members offer during the worship service. It's even possible that you've deposited these receipts at the bank.

But there's much more the members of the congregation don't see when it comes to the work of the church treasurer. Just what records are kept of those receipts, and what sorts of receipts are there? What about the bills that arrive in the mail for you to pay? How do you know if you should go ahead and pay them? Are there other expenses you are expected to pay? Who needs to know just what you've done once people have offered their money to God through the church, and do you report their giving back to them?

The questions may begin to swirl about in your mind as you set out to do your job well and faithfully. This handbook will walk you through the “nuts and bolts” of how to do your job, beginning with handling receipts, which is one of the first things you'll need to do. So, let's get started with learning what your special ministry as church treasurer involves as you begin your work, first within your congregation.

Working Within the Congregation

As church treasurer, you will work within several contexts, which are all parts of our whole denomination - your local church, our presbytery, and our General Assembly - each of which is addressed in this handbook. (The **synod isn't dealt with, because it's not within the scope of this handbook.**) We begin with your local church, your congregation, the folks with whom you meet and worship each week and some whom you may seldom see but who support your church's ministry locally, regionally, nationally and internationally. How might you serve their needs as their church treasurer?

There are those in the congregation whom you will assist with information and advice, such as the session or board of deacons and the finance committee (if your congregation uses the office of deacon and a committee structure). There are also those who thank God financially and need a record of their giving for tax purposes relating to charitable donations. Some members will incur necessary expenses, which require reimbursement for carrying out the directions of the session (and board of deacons or a committee) as you all work to accomplish the congregation's mission. Some will benefit from your work as it helps them to develop the annual budget. In other words, you'll be given *many different ways* in which to be of help to others.

Handling receipts and making disbursements and recording these in a ledger will confront you right away. While dealing with them may, at

first, seem a little like boarding a moving train, you'll soon develop a routine for handling what needs to be done and will then be able to give attention to those responsibilities which occur less frequently, such as providing for the congregation's payroll, making payments to the presbytery and the Board of Pensions, providing regular financial reports and participating in an annual financial review and the development of an annual budget and annual statistical report. Again, you'll develop a rhythm in your work as you respond to these other needs. They'll be covered in this section of your *Church Treasurer's Handbook*. First, let's take a look at how to handle the receipts for which you'll be responsible.

1. Handling Receipts

When people support the church's ministry financially, they are expressing their commitment to God as stewards of God's blessings. Their giving represents both how they have been provided for by God and the potential this provision offers to serve God by its uses. While members honor God with their wealth by various means, one principle way they do so is as an act of worship, usually on Sundays. Visitors may join in this act of giving as well. The result is that pledge and special offering envelopes (if used), along with loose checks and cash, are received and are considered to be entrusted to the church for their proper use. Let's consider these receipts and how to properly handle them.

a) Pledge and Special Offering Envelopes and Loose Offerings

One discipline which helps with both the need for responsible budgeting and the call to develop good habits of regular and special giving is the use of the *annual pledge* by members to project their regular giving for the year. Likewise, *special giving* is provided encouragement by its promotion and by leaders setting the example of committed and generous participation as opportunities arise. Many churches help with these ways of giving by providing regular and special *offering envelopes* as reminders of pledges and special needs and as the means of avoiding comparisons among contributions by providing uniformity in the appearance of what is offered to God.

This equality and confidentiality of giving during the service of worship is preserved, usually afterward, through counting and recording the offering by a two person counting board. (See **Appendix C** for a simple, reproducible sample offering record form.) Confidentiality is maintained by the counting board and by you in your records as what is offered is deposited for safe-keeping with a bank and as you make certain that your records of the gifts of individuals are not shared publicly. More about that shortly.

The offering may also come in the form of checks and cash which are not placed in envelopes. These contributions may come from visitors or from members who do not use pledge envelopes. Cash and checks not in envelopes are called “**loose offering.**” Cash is simply counted and

deposited without a record crediting a particular giver or givers. In the case of loose checks, you'll be able to credit the givers by the names and addresses on the checks. You might also provide envelopes for visitors.

In this age of technology, some churches, perhaps yours, provide for other creative ways of participating in the offering, such as using a credit card. To protect the account information necessary to make these payments during worship, an envelope should always be provided along with the form for entering the worshiper's card type, account and amount information and an authorizing date and signature, or else provision for this type of contribution should be through the church office or in another secure location. For some churches, this method of giving will be more feasible than for others. Your session may consider the possibilities if requested to do so.

There's more about the whole process of handling receipts in **item e** of this section.

b) Regular and Special Offerings

A quick way to distinguish between regular and special offerings is that regular offerings are budgeted for and special offerings, while an estimate of their anticipated or challenge amounts may be attempted, are actually just "*pass-through*," non-budgeted funds, forwarded on to the supported special cause's designated payment collection address.

Some of these special offering opportunities are provided by the Presbytery of West Virginia, the Synod of the Trinity or the General Assembly of the Presbyterian Church (U.S.A.) These are sent to the

presbytery treasurer who credits them to your congregation's giving record and forwards them to their proper destination. Some may arise for special non-budgeted needs within your congregation or local community and simply need to be acknowledged to givers and applied to their designated cause. Other opportunities may arise as non-denominational requests are received and acted upon. In all cases, the session must approve any special offerings, just as it approves the annual budget supported through regular contributions.

c) Acknowledgements

In order for those who make contributions, as a part of worship or at some other time, to have a record that their offerings and special gifts have been received and credited, you need to give acknowledgements to the givers. This may take the form of quarterly and/or annual reports to them of their contributions, or it may take the form of a note or letter of appreciation for special gifts. (See **section 4a.**)

These acknowledgements need to be given in a timely manner to members and others, who will report their gifts as charitable contributions when they submit their tax returns. Your acknowledgements should always include the statement: "***No goods or services have been provided in exchange for this contribution.***" Contributions to the church are considered gifts to a charitable non-profit organization for tax purposes.

Assuring those who give that their gifts are recognized and properly recorded and cared for builds ***trust***, with two important results. At one level, which is simply financial, it encourages generous giving that

provides for payment of budgeted expenses. At another level, it encourages and strengthens the spiritual discipline of good stewardship of God's gifts, of growth in the habit of being devoted to God and wise and generous with all things at our disposal, as Jesus was.

d) Timing of Receipts – Year End Problems

You'll find that people have a variety of patterns of giving to the church as they express their dedication to God monetarily. There will be those who pledge their contributions by the amount they will regularly contribute weekly, monthly, quarterly or yearly. Others will give only rarely or sporadically because of limited means. Some may be one-time visitors, while others are regular visitors or members who attend and contribute regularly but don't pledge those contributions. There may also be contributions in response to special offering opportunities or capital funds drives or honoring someone who has died or even someone who is alive and is given a monetary tribute.

Regular giving provides stable, dependable income, enabling you to make budgeted disbursements on time. On the other hand, irregular giving causes uncertainty and delays. Through it all, though, apart from special income such as special offerings, estate gifts and memorial gifts, tributes or capital funds drive pledge payments, the congregation will exhibit fairly predictable annual patterns with some low months, like summer months when people have extra vacation expenses or at the first of the year when there are extra expenses due to bills from Christmas buying. Some givers who have made pledges delay or simply don't

contribute their full pledge payments. (At times, though not always, a gentle general reminder may be a help, enabling people to fulfill their pledges. Plain forgetfulness is nothing new.)

There will also be months with more abundant giving, such as around the end of the year when attendance increases and some people by then know the state of their finances for the year and complete their pledges or make special gifts. Easter is another such time when attendance increases, as are Sundays when the Lord's Supper is celebrated in worship or when church officers are elected or the congregation's annual meeting takes place or there's a covered dish meal following worship.

Discerning the month to month pattern for your particular congregation will help you with anticipating receipts and planning for expenditures that have been included in the annual working budget approved by the session. It will help you to track your congregation's pattern each year, recording it and sharing this information with the finance committee (if your church uses the committee system) and with the session (and board of deacons, if used) for planning and budgeting purposes. Keep these tracking records, and add to them each year as you gain new data.

Note: Your congregation's record of annual giving is also available for a ten year period at our denomination's web site by going to: <http://www.pcusa.org>. Use the "Find a Congregation" search feature with your congregation's **zip code** to find **your church's page**. On your church's page choose "**details.**" On the details page choose "**view statistics and records for this congregation.**" On the statistics page,

choose “**Total Contributions**” or “**Contributions per Person**” from the choices at the left.

If you know your congregation’s **PIN**, you can go directly to this statistics page at: [http://apps.pcusa.org/tenyeartrends/report/\(insert your PIN here\)](http://apps.pcusa.org/tenyeartrends/report/(insert_your_PIN_here)) Your PIN is found in the Presbytery Directory.

The more consistent the congregation’s level of giving is during the year, the easier your job will be, but you must remember that all contributions to the church are given not to you, but to God, before whom each of us is called to be a good steward and to whom each of us must ultimately answer for how we have lived our lives, including the patterns we followed in making our financial contributions.

Changing life circumstances may make giving difficult or impossible for some people, for instance when someone loses his or her job, when a spouse dies, when retirement comes and income may be diminished. Likewise, a raise or a new job with higher pay, receipt of an inheritance, an increase in retirement benefits or continuing to work after retirement all serve to increase the givers’ income and, therefore, stewardship over additional monetary resources. Either a loss or an increase in income can affect personal giving and overall budgeted receipts during the year.

Similarly, if your church holds, and depends upon income from, endowments, investments or rental property, fluctuations in their value can seriously impact the budget and should be brought to the attention of the session (and the finance committee and board of deacons if your congregation uses them.)

Allowing for, and planning for, the possibility of such changes is wise on your part and that of the session, as are anticipating the ebb and flow of the total giving pattern normally followed by the congregation from year to year and the pattern of disbursements which are predictable.

Maintaining a *cash reserve* is a method of financial management that helps to provide for making payments when the congregation may divert its giving and cause a dip in receipts. Maintaining such a reserve amount is not hoarding money, but rather is a matter of being responsible stewards who pay their bills on time. You should encourage your Session to establish such a reserve, which can be replenished after use when giving increases again. It should be planned for not to maximize cash accumulation, but rather to supply the amount of additional money which will predictably be needed at certain times of the year to cover expenses.

Changing the graph of your church's yearly giving pattern, to "lift up every valley, bring low every mountain and hill, and make the rough places a flat plain" (Isaiah 40:4) financially, through developing regular and generous giving, is a matter of leadership, of education, example, and engagement in growth as stewards of God's gifts. Supporting your church by understanding and helping to guide such a change, by providing relevant financial information and setting a good example, is to gain wisdom and maturity as a disciple of Jesus Christ. This is one of the benefits that your work as church treasurer offers you.

This may all seem too worldly to be concerned with, but as presbyterians we try to live faithfully before God by doing all things "decently and in order" (I Corinthians 14:40). To do so includes

managing the finances of the church, in which you play a key role as advisor, as “good stewardship” advocate, and as administrative servant of God and the church in financial matters. Do your job well as you work within the congregation, and you’ll contribute much to the well-being, responsibility and effectiveness of your church in fulfilling its calling from God.

Finally, another important matter to address is that some contributions dated for, and to be credited to, the current year may be received after the first of the new year. You’ll need to establish and make known the **firm date** when your books will be closed for the current year. This should be shortly after the new year begins. Contributions **not** received by then (for what becomes the previous year,) **must** be credited to the new year’s record of giving. The givers **must comply** with this deadline so you can successfully close your books for the year just ended and provide annual reports to givers, to the session (and finance committee and board of deacons, if used) as well as to the presbytery and General Assembly. In addition, you will help people to deal honestly in reporting their contributions for purposes of taxation.

e) Designated Gifts

Some people who contribute are very interested in one or a few particular aspects of the life of the church and wish to support such individual programs, benevolent causes or operational costs included in the church budget without supporting the entire budget. They may designate on their offering envelopes or checks such a particular part of

the budget to receive part of, or the entirety of their contribution, leaving it to others to support the rest of the budget with their gifts.

While we encourage *undesigned* giving so all participate in support of the whole budget, the reality is that some people still insist on their contributions going to care for and improve the buildings and grounds of the church or the ministry with youth or outreach in evangelism or service to the community. The list could go on to cover the entire budget, but if everyone were to pick only a particular budget item to support, the congregation could end up divided in its understanding of the importance of shared stewardship as an expression of the life of the whole church together. It's also possible that some important parts of the budget might not receive necessary funding at all.

Nevertheless, if you do receive *designated* gifts from people, it's important to respect their wishes and to apply their contributions to their special causes. Sometime you may tactfully discover the reason for their selective giving as you listen to them talk about what they most care about in the life of the congregation. Later, the opportunity may come to inform the congregation of the importance of *undesigned* giving, perhaps during times of stewardship emphasis in which all members are addressed with various kinds of encouragement. You may possibly inspire the selective givers to rethink their approach to giving and to change their giving habits to serve the common good with their newly *undesigned* gifts.

If they are simply disgruntled with aspects of the church's life and ministry, there may not be much you can do to change them except to be a

good listener, without arguing, and to understand that they may continue to insist on designating their gifts. In that case, if the session has approved including their special area of interest and support in the budget or as a modification of the budget, simply receive and acknowledge their contribution, indicating its use by the church.

f) Handling Bequests, Memorial Gifts, and Tributes

Some of the special receipts which may come to you are the results of someone's death. These contributions will express the appreciation of others for the life the person has lived as a Christian and as a friend or family member.

In the estate of some who die, there will be a special provision for the church to receive a certain portion or even the entirety of their inheritance as a *bequest*. This is a continuing expression of their stewardship even after their earthly life has come to its end. As the estate is settled in this circumstance, you will receive a monetary payment or documents conveying such gifts as a life insurance policy, investments and/or property, which they have decided to leave to the church. Checks conveying such gifts should be recorded and deposited. The insurance, investment, property and other documents should be placed in a safe place such as a bank deposit lock box as soon as possible. They should not be kept in someone's personal possession, especially not yours. Then, you should send an acknowledgement in appreciation of the gift to the family of the one who has died, and you should make the session aware of the

gift together with any specific wishes of the one who has died and designated it to come to the church in his or her will.

The session will decide about the bequest's status and its use in accordance with the donor's wishes. This will guide your record keeping and reporting. There may be special funds established to receive and disburse each *designated bequest* or a fund to receive all bequests which have no special directions indicating their intended use, that is, *undesignated bequests*. You need to provide for keeping a record of such funds and reporting on them to the session (and the board of deacons and finance committee if those are used by the congregation) as part of the assets of the church listed in your regular financial report. The Session will also decide about whether and how to notify the congregation about reception of the special gift(s) in each case. Some donors may not wish for public recognition of their gift, and their wishes should be respected.

You may also receive special funds as *memorial gifts*, given in honor of one who has died. These you will also record, deposit and acknowledge with the congregation's appreciation. You will need to keep a special record of these gifts and credit them to a special memorial gift account if the session has established one or more of those, something which you should encourage. Otherwise, just provide a special line item in your ledger to keep track of them, reporting the total amount of memorial gifts as assets in your regular reports. Again, any indicated desire for confidentiality of the gift by its donor should be adhered to.

Finally, there may be gifts simply to honor someone who is still living by means of a monetary *tribute*. Record, deposit and acknowledge such

gifts recording them in a tribute account(s) and report them to the session, which will decide whether, and how, to make known to the congregation the total number of gifts and the total amount of such gifts and whether to publicly acknowledge individual donors.

Educating the congregation about the possibilities for giving by bequests, memorial gifts, and tributes can help to encourage such gifts as a part of Christian stewardship. (The **Presbyterian Foundation** at <http://www.presbyterianfoundation.org> can be of great assistance in this.) The session will make the decisions about whether and how to inform the congregation about these types of gifts and about their use. Until you know the session's decisions, you should maintain confidentiality about the gifts which have been received, especially about the donors' names and the amounts given, and perform your part of carrying out their use.

Congregational growth in such giving will not only provide for monetary needs of the church, but will also deepen and strengthen the characteristic of *generosity* as it is practiced in making such donations toward the mission and ministries of the congregation.

**g) Separation of Duties for Internal Control:
Collect/Count/Deposit/Pay Bills/Bank Reconciliations by
Other Than Money Handlers**

In order to protect your reputation as church treasurer and to protect the congregation and those others involved in handling receipts from even the slightest hint of any mishandling of the contributions given to the

church, it is a wise financial practice to establish a system which requires the separation of the various parts of the process of handling receipts and a clear record at each step of the process.

Ideally, those who collect contributions should not be the same ones who count the money. Those who count and record should not also deposit the funds at the bank. Nor should those who make the deposit also pay the church's bills. Finally, those who handle the reconciliation of bank statements with the records of offerings and the church checkbook(s) should not be those who handled the money. The paper trail is provided by the record of the offering and the deposit slip prepared by the counting board, the bank statement, and your ledger and checkbook, all of which should agree.

To establish rules governing such separation of functions and to carry them out may be far easier in a larger church than in very small congregations where numbers of members are more limited and personal relationships tend to allow more leeway in how much the church treasurer does. However, with some creativity, even small churches can involve members in helping out to provide a degree of separation which protects all involved from any suspicion of wrongdoing in an area where trust is vital for the life of the congregation. Ask yourself, for instance, how you could receive the information you need for record keeping, paying bills and reporting on church finances without ever handling any money yourself. Or, think of the matter of separation of functions as a recruiting tool, a way of involving more members of the congregation in several basic tasks, allowing them to carry out relatively simple and undemanding

jobs, which nevertheless are an important help to you and which provide you with protection in your role as church treasurer. The object, though, is not just to emphasize and worry about the potential danger to anyone dealing with funds but rather it is simply to ensure proper accountability and to involve several people in the tasks of responsibly handling what has been entrusted to the church.

h) Training the Counting Board

One of your responsibilities is helping those who serve as the counting board required by **Book of Order Article G-3.0205a** to know what is expected of them in terms of procedures and trustworthy confidentiality.

As each new two person team (or one fidelity bonded person) prepares to serve as the board, you need to emphasize that the source and size of individual contributions is not to be considered public information to be discussed by counting board members with others.

This is a matter of *trust* and must not be taken lightly. Trustworthy and mature members of the congregation are the ones who should be recruited for counting contributions and reporting to you with offering report forms.

Brief training in the use of the record form, which enables you to credit contributions properly in your accounting system, however simple or complex it is, and to acknowledge them accurately, will relieve uncertainty on the counting board's part. (See **Appendix D** for a simple **Record of Offering Form**.) Likewise, the preparation of bank deposit forms for the bank you use should be covered.

Once people who serve on the counting board are trained and experienced in handling receipts, you will not need to train them over and over. They will keep each other's skills and knowledge sharp as they work together.

Finally, you need to indicate how the funds will get to the bank for deposit as they relinquish custody of the money to others. (See **section 1g**.) Brief instructions should be sufficient for those who will make the deposits. The counting board should prepare the deposit slips for them.

You'll find that with a little bit of training the board will do its work more competently and confidently and will be of great assistance in enabling you to do a good job in your work as church treasurer.

Remember to thank them for their service.

2. Handling Disbursements

Once you've handled the receipts, it's time to turn to handling disbursements, dispensing the money contributors have given. Your basic guideline here is the annual **budget** approved by the session. This is the statement of current **assets** and **liabilities** as well as anticipated income (**receipts**) and expenditures (**disbursements**) during the coming year. It is only an official guideline, which the session may modify during the year if necessary, but it is an important one. You'll help to develop the budget by providing financial information as the budget is put together and proposed for approval by the session. (There's more about the **budget** in **section 9**.)

The current approved limits on disbursements in each area of the budget, the congregational program, benevolent giving, personnel compensation and operational and administrative costs are shown by the line items under “expenditures.” If, during the year, expenses will exceed these limits in a particular line item, the session must be notified and must modify the budget, shifting resources and reconsidering its assumptions about spending for the year. In some cases, the session may consider the congregation’s resources and decide to deny any proposed excess expenditures.

Within the limits of the budget, you may pay for the expenses authorized by the session and board of deacons and their committees, (if a board of deacons and a committee structure are used.) You should have the finance committee chair, chair of the board of deacons or clerk of the session look over and sign off on bills to be paid if they exceed a predetermined minimum threshold amount established by the session.

Committees should be regularly advised of their designated portion of the total budget, the amount they have spent to date and their remaining budgeted funds after their expenditures. Also, they should be requested to keep in mind the giving pattern of the congregation when they intend to use their budgeted funds, for example curtailing spending during the summer, if possible. (The *cash reserve* might moderate the need for such caution.)

Some of the budgeted disbursements will follow a regular pattern, such as monthly utility payments, quarterly Sunday school curriculum payments, monthly or quarterly payments to the presbytery or quarterly

payments to the State Tax Department and IRS. Some will be seasonal expenses such as colorful accessories for worship during Advent and Christmas. Others will be, for example, occasional needs for office supplies or teachers' supplies for Sunday school.

Some disbursements will be for response to unexpected crises, such as repair of the roof, which has begun to leak. Unless a special appeal must be made for extra giving, the budget will have authorized payment for these needs in a line item which may be very general, like "repairs," which may still require some individual approval of larger specific payments. This will guide you by defining more closely what you are allowed and required to pay to cover the expenses.

Not all expenses will require a new decision every time, but some will, and you need to be clear about what's required to authorize you to make payments. Now, let's look at some particular aspects of handling disbursements that you will face.

a) Bills A bill is simply a statement requiring payment by the congregation for goods or services provided to it by the individual or company sending the bill, which may also be called an *invoice*. It may come in the U.S. Mail or by a private carrier, by e-mail if you have indicated you will accept billing that way, with a package brought by a delivery company, or by someone who presents a bill when he or she has completed requested work for the church. Vouchers from those authorizing the expenditures should be filled out and given, signed and dated, to you each time an expenditure beyond a threshold limit is

authorized and incurred. Even a voucher for reimbursement of church members could be considered a kind of bill. You should have the voucher in hand by the time you must pay the bill.

As long as there are adequate funds budgeted and available and you have any special authorizations needed, you may go ahead and pay these bills promptly, entering them on written record stubs in your checkbook or as check-writing data entries in your computer. Also, record them in a handwritten or computer-based ledger, which gives a record of the expenditures by date and amount under each line item in the budget. (See **section 6** for more on **accounting**.) Whichever way you do your work, handwritten or using a computer, your goal should be an accurate, accessible record of financial transactions, including receipts as well as disbursements. The record becomes your source of information for the financial reports you must make. (See **section 4 for more on record keeping and reporting**.)

b) Voucher System for Payments – Accountability

One of the things you may have noticed by now is the importance of record-keeping and accountability, providing a sort of trail by which you or authorized church officers may accurately track the financial transactions of the church. (See **Book of Order article 3.0205**.) This record provides the information needed for proper oversight of your work so that both you and the congregation are protected and so that any

mistakes may be corrected or confusion clarified. It is just good financial practice where handling of funds is involved and not a reflection on your trustworthiness as such. Rather, it implements a worthwhile principle, which is “**trust, but verify.**” In a real and helpful way, it provides you some backup in doing your job.

One part of this approach to financial management is the use of **vouchers, “requests for payment” forms** signed by authorized persons such as a committee chair or a designated church officer, as mentioned in **section 2a above**. Properly signed and dated vouchers permit you to make payments of amounts above a certain minimum amount pre-determined by the session. These should accompany bills and requests for reimbursement of expenses incurred by individuals for church-related business as well.

File the vouchers and bills as they are paid.

c) Reimbursement Rates for Mileage – Volunteer and Employee

The worship and work of the congregation will sometimes involve travel expenses on the part of volunteers, installed or temporary supply pastors, other preachers and employees as well as those who may be compensated as invited presenters of programs, etc. These expenses may be donated as a contribution to the church by volunteers or may be paid

by the organization or agency which provides a presenter or consultant, if they have funding for that purpose. However, you may also expect to be compensating people for travel expenses if the expenses are not donated by the volunteer or otherwise provided for.

There are certain rates which apply to these instances of paying mileage expenses for those who travel by vehicles, to help cover the cost of fuel and the additional hidden cost of wear through use.

The expense figure in the annual budget should be calculated from these rates and estimates of the number of miles expected to be travelled during the year.

The following rates currently apply:

- **Volunteers - \$.14/mile** (IRS figure. The session may set a higher rate and may differentiate to encourage carpooling where possible.) See **Appendix B** for presbytery's **current rates** for **volunteer and professional travel expense**.
- **Pastor(s) – included in the terms of call or Temporary Supply Covenant. The Internal Revenue Service currently allows \$.575/mile reimbursement for tax purposes.**
- Educators and other reimbursed employees – a rate as established **by the presbytery, \$.575/mile, for Certified Christian Educators**, and as established **by the session for other employees** (including **non-certified Christian Educators**) who are provided reimbursement, keeping in mind the IRS rate for business and professional expenses of **\$.575/mile**.

- **Guest presenters, consultants, other temporary supply preachers - \$.575/mile** where not otherwise provided for by organizations, agencies, etc.

Mileage payments should be based upon vouchers, like other disbursements, with the vouchers kept in your records.

d) Two Signatures on Checks

When signing checks to pay expenses above a certain minimum amount set by the session, you should always provide for two signatories to checks, to **avoid significant mistakes** which could seriously harm the church and to **protect yourself** from any hint of an improper payment. Both authorized signatures should be on file at the bank the church uses and in your own records, with a session policy to govern this requirement and a session action appointing your co-signatory by name.

e) Numbered Checks

To insure that there is never any question of missing or otherwise misappropriated funds involving the use of church checks, you should always use sequentially numbered checks, which provide a record of your disbursements available to auditors or duly authorized church officers (**Book of Order sections G-3.0113 and G-3.0205b**). It will also give you a reference for your ledger, handwritten or computerized, as you employ the carbon copy, check stub or computer record with each payment. This is part of a **system of accountability** which protects both the church and yourself.

f) Handling Special Offerings

Special, or “*above and beyond*” offerings are always to be approved by the session (**Book of Order section G-3.0205**) and are simply “*pass through*” contributions for special causes, of which there may be a variety.

The General Assembly of our denomination provides a number of giving opportunities beyond the regular offerings church members contribute in support of the congregation’s annual budget. These are the One Great Hour of Sharing Offering at Easter, the Pentecost Offering, the Peacemaking Offering on World Communion Sunday the first Sunday in October, the Christmas Joy Offering at Christmas, the Cents-ability Offering for hunger relief, Presbyterian Disaster Assistance offerings when disasters occur to which the denomination responds at the time, and other special offerings the General Assembly may authorize from time to time.

Likewise, the presbytery and synod may authorize special offerings occasionally. These special offerings are all voluntary, for “**special needs**” benevolent causes, and exceed pledged giving as do any special offerings authorized by the session which arise within the congregation.

Note: These offerings are part of benevolent (free-will) giving but unlike pledged benevolent giving through the annual budget, which is sent to the presbytery for distribution. They should not be confused with the presbytery’s *requested per capita payment* you are to send monthly or

quarterly together with budgeted benevolent giving as “*shared ministry giving*” sent to the presbytery treasurer. The per capita amount is used to pay the operating costs of the presbytery, synod and General Assembly. The amount of each council’s proportion of the costs is approved by that council’s action.

g) Designated Gifts and Offerings

If special gifts and regular offerings are contributed with stipulations about their use, their intended use should be approved by the session through the annual budget or by action accepting the special gifts for certain beneficial purposes. Your responsibility is just to note the contributor and intended object of the contributions, to include them by deposit with the church funds in the bank, disbursing them for their intended cause when it is time to do so. (See **sections 1e and 1f, pp. 21-25**)

When special gifts are donated during the worship service, note them in the comments section of the record of offerings form where the counting board should highlight them for you. Enter them in your records, and notify the session of them with your regular report, or sooner through the clerk of session or chair of the finance committee if their next stated meeting will be after a prolonged period of time.

Should you happen to receive a special gift at a time other than the worship service, recruit another member of the church, preferably an elected officer or member of the finance committee to go with you to

make the deposit at the bank, and, in the case of a non-cash gift such as stock, in the church safety deposit box.

Special offerings should be in clearly designated offering envelopes or noted on loose checks, recorded on a separate offering record form with the nature of the offering noted in the comment section. The funds can then be deposited with the rest of the regular offering as usual and accounted for in your record of deposits in your ledger in a special offerings column.

Notify the session, finance committee and board of deacons, and through them the congregation, of the results of the special offering appeal. The next time the same special offering opportunity arises, the congregation can be reminded of the previous response and be challenged to even greater generosity as an act of growing commitment in the area of Christian stewardship.

3. Payroll

Your church payroll is the compensation you regularly pay to the staff of the congregation, both clergy and non-clergy. The amounts for the pastor(s) are based upon the terms of call, voted on by the congregation initially when a pastor is called to serve and then whenever the terms are changed based upon annual review and recommendation by the session (**Book of Order sections G-1.0503c and G-2.0804**). Such a recommendation is guided by the presbytery policy on minimum terms of call and by any adjustment of those amounts the session believes are justified. The recommendation is then authorized, modified or denied by

all the active members present at a congregational meeting which includes considering and acting on the recommended changes.

The presbytery's minimum standards change from time to time based on cost of living adjustments, Board of Pensions changes, and so on. The session may also approve a raise based upon the effective ministry of the pastor(s).

a) Clergy and Non-Clergy on Payroll

Because the status of ministers and other employees differs according to IRS standards, you will prepare and send or retain several different IRS forms and possibly a couple of forms which are from other governmental agencies. You will need to keep the church's portion of these forms in your records and available for inspection by authorized government employees, church officers or auditors, whose responsibilities include making sure that IRS and immigration laws, as well as proper financial practices of accounting and record keeping, are properly followed.

You will also send to the clergy and other employees (including occasional employees who earn \$600 or more per year), their portion of the forms as required. The forms are listed in the following section and may be downloaded from <http://www.irs.gov> online by computer or from <http://www.dhs.gov> or requested from those agencies. (See **Appendix A** for other contact information.)

One additional note is that all installed clergy are considered exempt from eligibility to receive overtime payment for work beyond 40 hours per week. Non-clergy employees are considered to be exempt or non-

exempt depending on the nature and structure of their job. The non-exempt qualify to be paid overtime beyond 40 hours of work per week. If you are not sure in which category an employee belongs, contact the **presbytery treasurer, Rocky Poole, (1-304-744-7644)** for help, or submit **Form 1023** to the IRS, who will determine the question of exempt or non- exempt for you. The U.S. Department of Labor at <http://www.dol.gov> online can be of great help in advising you as well.

b) Pay Periods

One of the responsibilities you will carry out is writing payroll checks (which need two signatures) on a regular basis. The session needs to establish with all employees what the schedule of payment for wages and salaries will be each month. This should be a matter of employment policy. Ordinarily, monthly or semi-monthly periods are used. An option between two different patterns of pay periods may also be offered. However, the session is free to establish the pattern and any options which are in the best interests of the church as a condition of employment. You will be guided by this decision and policy of the church, and are expected to provide payments due promptly at the end of each pay period, making allowance for such variations as those required by weekends and holidays, when payment may be made on the last weekday or working day of the period prior to the variation if that is the policy of the session.

**c) Forms Kept In-House: Employees, including pastors:
IRS Form W-4; Department of Homeland Security
Form I-9 (USCIS Form); Non Employees: IRS Forms
W-9 and 1099–MISC (Issued at end of year if pay \geq \$600)**

Have blank copies of these forms on hand for all employees or non-employees to fill out:

- Employees:

Form W-4 Employee's Withholding Allowance Certificate: Amount of salary or wages requested by the employee to be withheld by you, then sent to the IRS for the purpose of making the employee's required tax payments. All employees including clergy must fill out the form, though clergy may elect whether or not to have taxes withheld from their pay. You retain the filled out forms on file.

Form I-9 Employment Eligibility Verification (Obtain from the Department of Homeland Security [http:// www.dhs.gov](http://www.dhs.gov)); Required for all employees. You retain the filled out forms on file. The DHS may request to see these forms at any time it deems necessary in checking on the possible hiring of illegal aliens.

- Non-Employees:

Form 1099-MISC Miscellaneous Income (Issued at Year End if **Pay \geq \$600**); Retain a copy of this form on file and give the non-employee the appropriate copies at the end of the year for retention with his or her records and for

submission with his or her tax return. Send one copy to the IRS.

- All Employees and Non-Employees:

Form W-9 Request for Taxpayer Identification Number and Certification; Provides their Social Security Number (given to you by the employee). Keep the filled out forms on file.

4. Other Record Keeping and Reporting

It's hard to overemphasize the importance of keeping proper and adequate records of your work with the congregation's finances and making regular and thoroughly informative reports on your financial transactions and custody of the congregation's funds. It is a requirement of our **Form of Government** in the **Book of Order, section 3.0205** for *three very good reasons*. It provides appropriate *transparency* when others exercise oversight of your work. It provides an orderly source of *information* to assist with session, board of deacons and committee planning for the days, weeks, months and years ahead. Finally, as with so many other aspects of our way of handling church funds using a church treasurer, such as yourself, it *protects* both you and the congregation you serve through your financial ministry.

In the name and Spirit of Jesus Christ, our Lord and Savior, and of God our heavenly Father, who brings order out of chaos and who gives every good and perfect gift which comes to us and which we use to serve others, let light shine upon your work as you keep records and provide

reports, and you will strengthen the church and never have any cause to be ashamed when others review your work.

a) Reporting to Members via Quarterly and Annual Reports; Form 8283 (Non-Cash Charitable Contribution)

As you record the contributions of those who support the mission and ministry of the church, time will pass, and financial information will accumulate regarding peoples' giving. You will be keeping track week by week of people's faith in action through stewardship of what God has provided for them. **Each quarter**, you should keep them apprised of what they have done, financially, through the church as disciples of Jesus Christ. Use contribution report forms you have produced or purchased pre-printed. Let them see if they are fulfilling the pledges they made to God and one another for their willing financial contributions in support of the congregation's worship and work in the Lord's name. It will assist them in keeping themselves accountable, even as you are accountable for the work you have promised to do. It will prod them to consider their giving patterns to see if they are serving the Lord well.

You will also benefit from regular reporting, being able to use quarterly totals to calculate annual giving by individuals and by the church as a whole. Less figures to count means less work required on your part as you conclude the final quarter and include it with the first three quarters of data in a report on the year of giving, providing contributors with information needed to examine their growth as disciples

and also with important tax information showing their charitable contributions to the church for the year.

One special form, which you may receive from a donor and send on to the IRS, is **Form 8283**, provided to you by someone who makes a contribution of investment stock or property with a total value of **at least \$5,000**. Retain a copy of the form for your records as documentation to show what has taken place, i.e. the reception of the gift by the church and the information about the gift required by the IRS. Deposit the stock in a secure safe or bank safety deposit box, and inform the session of the gift at their next meeting. The session will then decide how to manage the gift, considering any donor stipulations, and will give you directions regarding how to accomplish that.

b) Reporting to the Session and the Congregation as a Whole

Since the session is ultimately responsible for the life of the congregation, it is very important that these elected leaders remain well-informed regarding the financial affairs of the church. In order for this to happen, you, as church treasurer, have a vital role to play in providing the information the session needs to do its job. You accomplish this primarily by regular, and **no less than annual**, reporting on the finances of the church. The Church Treasurer's Report should really be a part of the agenda for each stated meeting of the session, barring some compelling reason for omitting it at the session's discretion, so it is important that your records be kept up to date and ready to report on at the times the

session sets to receive the information. This will enable the governing council to carry out its proper oversight of, and decision-making for, the congregation. In no case is the session to be uninformed regarding the congregation's finances for more than a year, as required by **Book of Order section G-3.0205c**.

Likewise, although the Book of Order does not specifically require it, the congregation itself, as a whole, is entitled to be informed regarding its finances as a church family and an organization responsible to God for all aspects of its life together. Just as we go to a physician for regular check-ups on our bodily health, so the congregation depends upon you and the session to provide it feedback about its own financial health and activity. Sharing this information in some fashion regularly, and at least annually, with the congregation as a whole is wise and responsible care and leadership, which may take place through the agenda of the annual meeting of the congregation (See **Book of Order section G-1.05**) or in some other fashion such as posted or distributed reports. You should be a supportive advocate of reporting this information, which is, first of all, based upon a decision of the session (with the recommendation of the Board of Deacons or Finance Committee if they are used by the congregation).

The better informed the congregation and its officers are, the more effective the mission and ministry of the congregation will be as it follows the Apostle Paul's advice to "speak the truth with one another in love." (Ephesians 4:15)

c) Reporting to the Denomination via the Annual Statistical Report

Just as the session benefits from your work in its care for the congregation, so the General Assembly depends upon you for its oversight of the well-being and faithfulness of our entire Presbyterian Church (U.S.A.). Each year, every congregation shares information about itself with the entire denomination with whom we are in *covenanted connection* (See **section 1, pp. 53, 54**). We provide this information by means of the Annual Statistical Report, which the clerk of the session submits online to the stated clerk of the denomination, who, like you, collects this information, records it, and provides it to the whole denomination for research that helps with planning and wise decision-making; for example making available to your session the ten year trends indicated by your congregation's data (see **p.18, Note**).

There are certain pieces of information which the clerk needs to receive from you about the finances of the congregation in order to be able to complete and submit his or her **Annual Statistical Report** for the session. You should co-ordinate closely with the clerk in order to know what information is needed from your own records and to provide that information both clearly and expeditiously in response to his or her need. Because the time period is short between closing your books for the preceding year and the due date for the submission of the Annual Statistical Report, which is the end of January, you need to work efficiently in cooperation with the clerk to meet the requirement to report. This is an important opportunity to build a good, strong working

relationship with your clerk, whose job you can make easier by the way in which you help.

Note: Retaining a copy (which you may request from the clerk) of the printout of your portion of the Annual Statistical Report should help you to anticipate the information which will be needed the following year.

d) Reporting to the State – Business Registration

Certificate (EIN); State Income Tax Withheld

In addition to reporting information within the church, you also have responsibilities for reporting to the **State Tax Department and the United States Internal Revenue Service**. First we'll take note of state requirements.

As an organization conducting financial transactions by paying employees within the State of West Virginia (or, similarly, an adjacent state), you need to have a **Business Registration Certificate** from the **West Virginia Tax Department** with your **Employer Identification Number (EIN)** assigned by the **IRS**. Except in the case of new church development congregations, all others in the presbytery should already have this number, which you may obtain from the preceding treasurer of your congregation or the **presbytery treasurer, Rocky Poole**, who may be reached at the **presbytery office (1-304-744-7644)**. This identifies your church as you withhold and submit income tax payments for employees (including clergy who elect to have state taxes withheld) on the church's payroll.

While you report the amount of their state income tax, withheld and submitted, to individual church employees on their copies of **IRS Form W-2** (see **section e** below), you report the total number of paid employees for whom you are withholding and submitting income tax payments, and the total amount withheld and submitted, to the State Tax Department (quarterly, or in very small churches as seldom as annually) by using the **Form IT-104V** coupons in the booklet sent to you by the State Tax Department. Since churches with employees should have already been using this booklet, you should receive one automatically each year. If you have not had employees for whom you or the previous treasurer has withheld taxes, you may need to request the payment booklet from the State Tax Department if the church begins to hire paid employees.

You should also be aware of the fact that you may soon be required to report employee income tax information to the State Tax Department online via the Internet. If you are not using a computer with Internet service, you should anticipate this change and consider what arrangements you will need to plan for to do electronic reporting.

**e) Reporting to the Federal Government – Form W-2;
Form W-3; Form 941; Form 1099-MISC; Form 5578
(Racial Non- Discrimination); Form 8282 (Donee
Information Return)**

In addition to withholding, reporting and submitting state income taxes for your church employees to the State Tax Department, you are also required to withhold report and submit federal income taxes to the **Internal Revenue Service**. Employee income tax information and

payment must be submitted electronically via the Internet to the IRS and the Social Security Administration:

- **Form W-2**, Wage and Tax Statement; employee income; state and federal tax withheld and submitted; Social Security and Medicare payments made; copies to IRS, State Tax Department, employees, and your file.
- **Form W-3**, Transmittal of Wage and Tax Statements; red front page goes to Social Security Administration; other copies to IRS with Form W-2's and payment; one copy to your file.
- **Form 941**, Employer's Quarterly Federal Tax Return; electronic report to IRS with payment of withholding tax via automatic withdrawal; set up account at eftps.gov; one copy to your file. While the form says quarterly, submission is actually required monthly.
- **Form 1099 – MISC**, Miscellaneous Income (**annual pay \geq \$600**); Issue at end of year to non-employees; copy to IRS and one to your file.
- **Form 5578**, Annual Certification of Racial Nondiscrimination for a Private School Exempt from Federal Income Tax; to IRS; one copy to your file and one to the director of the school.
- **Form 8282**, Done Information Return; (gift of property or stock **over \$5,000** in value, disposed of by your church within three years from the time of donation); signed by clerk of session; copy to IRS; copy to donor; copy to Your File.

- **Form 8283**, Noncash Charitable Contributions; gifts **above \$500**; donor brings form to you filled out; clerk of session signs; give back a copy to donor; copy to IRS; copy to your file.

f) Ledger and Checkbook

The use of an accounting ledger and checkbook, whether traditional paper “books” or a computer-based accounting and check writing program, provides a record of your handling of receipts and disbursements. This record demonstrates your activity with the church’s funds so the information can be available to you for generating reports and available for the oversight and annual review of your work by authorized others. This trail of data, reconciled with deposits, bills, etc. provides the evidence of your honest and able handling of your church’s finances through standard accounting procedures. The complexity or simplicity will vary from congregation to congregation, but the principles will remain the same – *accuracy, thoroughness, orderliness, transparency, standard practices, and usefulness*. Be sure to stay current with your accounting so your work doesn’t pile up and so your memory will still be fresh when called upon for some detail of information affecting your record of transactions.

g) Record Retention Guidelines

By now it should be pretty obvious that you’ll be producing an accumulating amount of paperwork (or computer work, or both), records

of what has happened with the funds the congregation has offered to God, the various transactions you've carried out and even the generation of supporting employee documents. How long should you retain the records you generate as church treasurer as you file things away for safekeeping? There are various online and hard copy programs available to help you in considering what to do with your various documents over time.

One web site you might check is:

<http://www.freechurchaccounting.com>, which suggests which records to keep permanently and which to keep only temporarily, for which a good rule of thumb is **7 years**. There are other sites available if you do some searching. Just see which one or ones best meet your needs. The object is to have on hand records which are *legally required*, which show a *record of your work* during the recent past, and which help *provide perspective* for planning by leaders who need to know any trends in the church's finances, such as the ten year trends available from our denominational web site, <http://www.pcusa.org>. (See **Section 1d; pp. 16, 17.**)

Remember that you are striving for accuracy, accountability and access to helpful information in keeping records. These things all help to strengthen the life of your congregation with knowledge that you help to generate. So, have a good filing system, and you will always be able to readily retrieve helpful information as you serve your congregation and the wider church.

5. Audits/Annual Review (G - 3.0113)

In all work with finances, it is important that you be supported by others who oversee your efforts and results, contributing to your effectiveness by reviewing what you've done and determining if everything is in order and whether anything reveals improvements which would help you to serve the church better. You might be helped through improvements in proper procedures for securely handling funds, accuracy and thoroughness in accounting for funds, or carrying out policies of the session or other responsible church councils, and so on.

Our assumption is that you will do your work well and honestly in responsibility to God and the church, including your best self. At the same time, we remember that helpful motto, which says “**trust, but verify,**” and so the church provides the means to make sure you will always be both effective and accurate in your work and that you will never have any cause to be ashamed of what you have done as church treasurer.

In order to support you this way, the session is responsible for making sure that a full financial review takes place annually (**Book of Order article 3.0113**). This may involve employing a professional auditor (**CPA**) or may make use of a committee of church members, unrelated to you, who are versed in proper accounting procedures. Look at these folks as part of your team, who are there to protect both you and the congregation and to help you do your very best as church treasurer. Their results will go to the finance committee and board of deacons, if they are used in your church, and also to the session, which is ultimately

responsible to God and the wider church for the financial dimensions of your congregation's worship and ministry as well as all other aspects of its life. The committee, the board, and the session are all part of the team of which you are a vital part and with which you play a key role.

6. Accounting System and Computers

In this age of rapidly changing technologies, the church makes use of those which are helpful, especially the computer, which enhances the capacity to handle the generation and storage of information and makes possible such functions in your area of service as bookkeeping, generating reports, writing checks and invoices, consulting online with knowledgeable helpers, and searching for information and retrieving it quickly when it is needed.

You may already be familiar with computers, even their use in these functions just listed. If so, you're ahead of the game in making use of newer technology as a tool in your work. That's not to say, however, that keeping books, preparing reports, and so on by hand in the traditional way is no longer acceptable. If that is how you are trained and how you prefer to work, using those traditional tools is just fine. There are just some advantages to being computerized, especially if you are connected to the Internet, where it becomes possible to use powerful search programs to find information you need and to use online communication opportunities to pass information rapidly from your workplace to others who are also online and can use email to communicate.

If you are interested in doing your work using a computer, you will need to obtain one or more computer programs, which control how your computer operates while they are in use, what functions it can perform to help you. You can search for these programs with your search engine, a program designed to allow you to rapidly search the wealth of information available on the Internet, to find the programs you want to use advertised there.

For example, you might use the popular google.com search engine to look for “[Church Accounting Systems](#),” generating a list of possibilities, some of which may even offer the opportunity for a trial run in using a certain program. The names and Internet electronic addresses for reaching information on programs like “Church Windows” or “Power Church” will appear in a list, which you can investigate to find what you need. The Microsoft Corporation Program “Excel,” or “Quicken,” “Quick Books,” “Membership Plus” or “Money Counts” are among the suggestions offered by the search engine program.

7. Insurance – Property and Liability (G - 3.0112); Workers Compensation; Medical, Death and Disability; Others

While we certainly hope they’ll never be needed, various forms of insurance are required and/or advisable for protecting the church’s visitors and members, its officers and staff, its facilities and finances. The [Book of Order Article G-3.0112](#) requires that each congregation carry both property and liability insurance to protect against loss by fire, water,

wind, vandalism, and other physical causes of damage or total loss of the church's facility or facilities. Likewise, provision is made so that in the event of injuries or cases of personal abuse those harmed will receive help, and, should there be lawsuits brought against the church, there will be protection against major financial loss. Every year, our presbytery requires each congregation to submit a proof of insurance form to cover this requirement.

Other forms of insurance are designed to protect staff of the church and any church-operated school by providing Workmen's Compensation insurance to cover job-related injuries. Any insurance company which offers coverage may be used to provide a policy for this purpose, including that of the State of West Virginia through the West Virginia Workmen's Compensation Insurance program. Begin researching at: http://www.workerscompensationshop.com/work_comp_wv_west_virginia.htm

Other companies experienced in various church needs, which you might wish to consult are: Church Mutual Insurance and Brotherhood Insurance or you may want to see about coverage and rates with a local agent.

For installed clergy and other staff coverage, see the part of this Handbook on [Working with the Board of Pensions, p.73](#).

8. Funding – Stewardship Campaigns While not all congregations employ this method of encouraging pledges and other contributions by members, the stewardship campaign is one of the most

effective programs available to be employed by the church. It is an organized, intentional effort to provide the congregation and interested others with information about the mission and goals of the church, the local church and the wider church with which it is *covenantally connected*, and to provide for the monetary and any other supportive annual pledges by members and any interested others.

In doing so, the opportunities and calling of the congregation are put forth in the form of goals and a proposed annual budget approved and recommended by the session for the coming year. The proposed budget includes assessments by, and benevolent pledges to, the wider church, as well as anticipated local program, staffing and other operational costs. It is presented as guidance and challenge for congregational giving as an act of our spiritual discipline of stewardship.

This discipline is based upon the faith conviction that all that we have to sustain us in life and to enable us to care for others comes to us through the generous giving of God, providentially at work in our vocations and other sources of income and other wealth. As stewards of God's gifts, we offer back to God a portion of what has been put into our care and responsibility for carrying out God's calling, God's will for the church in worship and ministry. Pledges are the ways in which we commit to one another, as we do to God, to join in funding and otherwise supporting our life together as God's people.

Generally, there is a congregational event, such as a stewardship dinner, at which the information and appeal is presented to the congregation and pledges are indicated by prayerfully filling out pledge

cards and collecting them for dedication at a specially designated Stewardship Sunday worship service. There is also a brief period of contacting members who may not have attended the dinner to carry the opportunities and appeal for support to them and to receive and include their pledges with the rest as they are dedicated in worship.

The finance committee, if a committee system is used, may oversee the stewardship campaign or recruit a task group to carry out the campaign. Advertising, meal planning, preparation or purchase of pledge cards, preparation of presentation information materials, recruitment and organization of follow-up visitors, location for the event, any special music, speakers, etc. must be provided. If deacons are not used by your congregation, the responsibility falls on the session to provide for the encouragement and gathering of pledges. Again, this may be carried out by a group recruited to do so under the session's guidance.

In smaller churches, the process of pledging may be less formal and less highly organized. Nevertheless, elements of a more formal campaign, such as the use of pledge cards, an informative event, and a special dedication service of worship with Session follow-up are entirely feasible.

There are commercially available programs and materials for stewardship campaigns, which may be searched for online. Within our denomination, the [Church Financial Campaign Service at http://gamc.pcusa.org/ministries/cfcs](http://gamc.pcusa.org/ministries/cfcs) is a great source of assistance upon which you may call.

9. Annual Budget (G - 3.0113; 3.0205)

When all of the pledges have been received and tabulated, and considering the current year's giving record, which you will provide, the session adjusts the proposed budget to arrive at a working budget for the coming year. This budget will be the one which provides you with guidance in your work as church treasurer.

In the budget, anticipated receipts and expenses are included as line items, listing various sources of income and the variety of disbursements (expenses) which are expected. Additionally, current assets and liabilities should be included so the session will know the full range of resources it will have to support the working budget it approves. Once the final budget is approved, it should be shared with the congregation by the session as information, since it is the session and not the congregation which approves the budget to be followed in the coming year. Further adjustments to the budget may occur at the session's discretion during the coming year if that becomes possible or necessary depending on larger or smaller than expected income and expenses as the year progresses.

In some ways, the working budget is a "*best guess*" document and financial plan. It is an *informed guess*, however, unless the budget is developed solely based on actual pledges received through the stewardship campaign. The session will decide which is the wisest course for the life of the congregation in its care.

As the church treasurer you will prepare the current year giving report (which may be the last monthly report of the year up to that time if that monthly reporting schedule is used) and prepare or assist with preparing

the proposed and final working budget documents for use by the session, finance committee and board of deacons, if the latter two are employed by the congregation.

10. Working with the Finance/Stewardship Committee

Many smaller churches have a very simple organizational structure, in which the session functions without a system of committees, such as those which are necessary for larger churches and the presbytery, synod and General Assembly. The sessions of larger churches, and the various councils of those church bodies larger than the local church, have many more people as their responsibility and require a more complex organizational system, such as one which uses committees. In the smaller churches, sessions don't need this complexity to function and carry out the ministries to which God calls the congregation. The session functions as a "*committee of the whole*," doing the work committees do in larger churches and the presbytery, or it uses *ad hoc (short term, one purpose) task groups*. Here in **Section 10**, we'll focus on the larger local churches and the presbytery, which make use of committees, including the finance or stewardship committee.

A "*committee*" is simply a permanent group with assigned responsibilities, partially or entirely comprised of members of the current session or presbytery that uses them. Committees are those to whom various kinds of information, questions, requests for recommendations, and directions for action are "committed," that is, "*referred*" or "*assigned*."

Committees are established to figure out what implications for the life of the congregation or the presbytery grow out of changes that have happened or may happen in the days ahead. They develop recommendations to the session or presbytery for response to those changes, and they carry out the decisions of the session or presbytery as assigned to them. Committees may initiate and oversee programs within their job descriptions and may also review and evaluate mail concerning their area of responsibility when it is referred to them by the session or presbytery. They spend the time it takes to examine problems and opportunities for the congregation or presbytery and to inform the session or presbytery about them with options and recommendations for responding. They propose response in ways which will be faithful to God and the gospel and will strengthen the church or presbytery to become more Christ-like as a result.

If the session of a larger church, or a presbytery or other church council, tried to function as a “**committee of the whole**” on every issue that came to it, their meetings would be **far too long**. A committee can meet and divide into subcommittees, which are assigned to work on one particular problem or a few related problems. The subcommittees then report back to their full committee on what they’ve learned, decided, or carried out, or what they recommend to the full committee for its consideration and decision-making. The full committee then reports to the session or presbytery, which takes any necessary action. Now, let’s just focus on one particular committee of your session and of our presbytery.

Among the various committees used by sessions and by the presbytery is the *finance or stewardship committee*, which works with the congregation's or presbytery's treasurer to gain information about assets and liabilities; bills, receipts and disbursements; the status of special funds; the special financial difficulties and opportunities the session or presbytery needs to deal with; the status of bank balances and investments, including any trends in them - in other words, knowledge of the funds available for carrying out the local church's or the presbytery's ministries and what conditions may be affecting them.

Regular reporting by the church and presbytery treasurers to their finance or stewardship committee helps the committee to understand the financial life of your church or our presbytery and to take account of financial conditions in matters referred to the committee. The treasurers' reports, which also go directly to the session or presbytery, contribute to the finance or stewardship committees' reports, which help the session or presbytery to make wise choices in its decision-making role.

Your role in all of this is to provide the financial information which is needed for the best possible decision-making, for the most effective management of resources, for the most successful presentations in stewardship emphasis and giving appeals and for the most accurate, informative and helpful development of the annual budget. Your supportive service to the finance committee of your session will help the session to do its best job of providing direction for, and taking action in behalf of, the congregation. The same thing applies at the presbytery level.

You're called to serve in a unique position in your congregation as one who has at your disposal vital information about the financial state of your church. As you gather it, record it and report it, you provide the numbers others need if they are to lead the congregation well in serving God through the church's various ministries.

It's a great responsibility, which makes significant use of your talents and depends upon your faith, your character, your love of truth and honesty, your love for God and the church and your special knowledge of the church's finances. Your congregation and our presbytery will be stronger as you do your work well as church treasurer, part of which is to help the finance or stewardship committee by providing information and by carrying out directions the committee and session (and/or board of deacons, if used) give you. Believing that you will, in fact, do this job well, the members of the session have entrusted it to you as they entrust matters to the finance or stewardship committee. Always justify their trust, and your work will be a blessing to you and to your church.

11. Working with the Session Acting as Trustees?

Among its various roles, the session is directed by the **Book of Order article 4.0101** to serve as *trustees* of an incorporated local congregation unless the congregation chooses another method for its election of trustees. However, the churches in the state of West Virginia are **not** permitted to incorporate, and therefore **must** elect individual members of the church,

with the same terms as church officers, to serve as trustees (see **Book of Order articles G-1.0501; G-1.0503a; G-4.0101; G-2.0404**) at a congregational meeting. The trustees are empowered, under supervision of the session (**Book of Order article G-3.0201c**), to receive, hold, encumber, manage and transfer property, real or personal when the congregation, at a duly constituted meeting, approves such actions under the provisions of **Book of Order article G-4.0101**.

Your responsibilities in working with the trustees come in the receipt, deposit, safekeeping, and disbursement of funds generated by, or required for the fulfillment of, the duties of the trustees just mentioned. You also report to the session on the current status of real and personal property which are assets of the church so that the session may fulfill its duty of supervising the work of the trustees.

12. Endowments and Other Special Funds

As part of your responsibility of reporting on the congregation's finances to the finance committee and the board of deacons, if used, and to the session, you need to include the current status of, and any changes in, *endowments* (special gifts and other funds used to provide accumulated financial resources to generate *spendable interest* without their *principal* being spent) and other special funds. You should include their principal value (the actual initial amounts of the donated gifts and other included funds), any changes in value, any generated income, and any associated costs not included in the general annual budget in your report.

13. Congregational Organizations with Their Own Treasurers

The Book of Order article G-3.0205 paragraph 2 and sections b and c require reports to the session as frequently as directed, but no less than annually, by all groups within the church which manage funds using their own treasurers. You should collect these reports to present them to the session, provide advice and training to these other treasurers if you are able to do so and they have the need, and encourage in them the qualities of character and ability by which their particular group and the congregation as a whole are strengthened in serving God. They must provide you with annual data on the group's finances in order to include it when you assist the clerk of session in preparing the annual statistical report from the session to the General Assembly.

Since many of these other treasurers may not be aware of what is expected of you and of them, some respectful provision of the information by you, perhaps with a session member, deacon or finance committee member along, is in order. This may need to take place each time a new group treasurer is appointed. Be patient in working with these other treasurers, to whom these expectations may come as a surprise and at first may engender the resistance which surprise can induce. Let them see themselves as part of your team serving God through the financial ministry to which all of you are called by the church.

14. Capital Funds Campaigns

There are times in the course of the church's life when financial needs arise which are much too large to be accommodated in the annual budget approved by the session. These may include such things as repairing major damage to the church building or buildings, renovating or enlarging the church building or building new facilities entirely, purchasing property or expensive equipment which will be incorporated into the operation and ministry of the church, temporarily supporting needed additional staff or foreign missionaries, giving special assistance to other churches or institutions through special giving opportunities, or undertaking to build an endowment to generate special income from interest for use in the church's ministry. The list could go on. The possibilities are often far too expensive for any congregation to meet through its annual budget or special offerings. Only special, additional, "*over and above*," even sacrificial, giving can accommodate the particular need or needs which your session encourages the congregation to meet through a capital funds campaign, an organized appeal to the congregation to tackle a challenge in which exceptional generosity with money and property and exceptional cooperation as a congregation must be present.

When the need is an obvious one like the need for a new roof to stop leaks which are damaging the sanctuary, response may be swift in coming once the need and a wise response are defined by the session and presented to the members of the congregation and interested others. If clear, truthful information about what is urgently needed is provided, with

the officers committed to responding generously, the general response may not require an elaborate campaign process. Providing an encouraging word from the pulpit by the minister and another officer, whose judgment and example are well-respected, may result in capital funds pledge cards being signed on the spot in worship as an act of both necessity and responsibility to God in caring for the church building as good stewards.

Your responsibilities in a capital funds campaign may only consist of handling and reporting on receipts as they come in along with the regular offerings. In addition, though, an encouraging word from you about how giving is progressing, building toward the target amount needed, will always be an important support for the congregation as it makes a very special effort to respond when asked to give more than usual of what it has been given by God.

As in stewardship campaigns for support of the budget, help with capital funds campaigns is both commercially available and also available through the **Church Financial Campaign Service** of our denomination at <http://game.pcusa.org/ministries/cfcs> . Larger churches, especially, will find this assistance helpful because of their numbers of members and complexity of organization. Hiring a qualified consultant is usually worth what is an investment in success in enabling the response of the church to the defined special need.

While you may be asked to assist in the campaign by providing financial information, record keeping, handling contributions and reporting on progress, it is **not** your responsibility to generate capital

funds as church treasurer. You play a **supportive** role instead, as needed, within the bounds of your abilities and your job description as found in expanded form in this handbook.

Working with the Presbytery

As presbyterians, we live within a distinctive kind of church community. We understand our relationships with God and one another through the concepts of *covenant* and *connectionalism*. A *covenant* is a solemn agreement established between two parties to govern their relationship with each other. In the Bible, we have examples of two kinds of covenant established by God. These are *conditional* (as through Moses, based on all of God's people obeying the Ten Commandments), and *unconditional* (as with Abraham, based simply on God's generous love toward God's people.) Both kinds of covenant relate the whole people to God. They also relate us to one another with both unconditional acceptance and expectations.

In the Presbyterian Church, we consider ourselves bound to God through the *New Covenant* established in Jesus Christ, which also binds us to one another in love. We're accountable to God and to one another for how we live as God's people, and we're also supportive of each other, again as the whole connected covenant people of God. We express our covenant connectedness in the life of our congregations as we

worship and work together there as God's people, the body of Christ. But, as presbyterians we do more.

We are also connected with each other as groups of congregations in a geographical region, in covenant with God and with one another in what we call *our presbytery*, the **Presbytery of West Virginia**. In turn, we are linked to other presbyteries as we comprise the **Synod of the Trinity** and the **Presbyterian Church (U.S.A.)**, our denomination, one part of the whole body of Christ in the world.

Our presbytery is the next more inclusive expression of the church beyond our congregations. We meet with one another as the presbytery at various times, using a representative form of church government. As church treasurer you will often work with our **presbytery treasurer, Rocky Poole**, a member of our presbytery staff. Lois is available to assist you during presbytery office hours, Monday through Thursday, 9 a.m. to 5 p.m., at 1-304-744-7644.

1. The Importance of Support by Churches

To help support, coordinate and carry out the regional work of our churches between our presbytery meeting times, we maintain an office and staff, a leadership team, meetings, a resource center and a committee structure. We provide for these financially through paying requested congregational *shared giving, per capita* (for each active member) contributions and general *benevolent* payments of a portion of our congregational receipts. To maintain these expressions of our

covenanted, connectional life as a presbytery, prayer and volunteer service are needed from individual presbyterian church members. Additionally, *regular financial support* from our congregations is a **must**. Your session will be sent the request with confidence in the generosity of your members.

Without this support, our ability to carry out regional mission and to care for one another as churches is severely weakened and the wholeness of the church is diminished. Faithful, and even joyful, contributions to our presbytery strengthen our experience of, and our demonstration of, *covenanted connectionalism*. For these reasons, congregations are encouraged to be generous in sharing their receipts to provide for our regional ministry together and for maintaining the office, staff, leadership team, committees, meetings, resource center and other supports which help make this ministry possible.

As church treasurer, you'll convey to the presbytery treasurer the funds which are approved by your session as your congregation's shared giving contribution for ministry beyond that of your local church, ministry which is a vital part of our life together as a presbytery, synod and General Assembly. Making these disbursements will be approved by your session as it includes them in your congregation's annual budget.

To encourage and enable our provision for these necessities of our life as a presbytery, and to encourage the habit of regular generous giving, there is a process we follow as described next in **section 2**.

2. Process

The **presbytery stewardship committee**, working with the presbytery treasurer and other office staff as needed, follows a certain process for presenting the request to your session for your congregation's shared giving, a minimum and a challenge amount. In response, your session authorizes and sends the presbytery treasurer your congregation's pledge for the coming year, using the amounts in your annual budget.

Advance notice, for example through the use of informative brochures, bulletin inserts, our online newsletter, [The PWV News](http://www.wvpresbytery.org), (at the presbytery website {<http://www.wvpresbytery.org>} or by requested e-mail,) or booklets, tells of the ministries and goals of the various church councils and the money requested to support them through pledges.

Our presbytery process can serve as a model for your local church in its own stewardship campaign. To begin with, the "publicity" and appeals of the presbytery, synod and General Assembly are provided, then followed with a challenge letter to each congregation in the presbytery.

a) Challenge Letters; Include Per Capita Contribution

The challenge letters *localize* the information and the giving challenge to apply it to each church, to accomplish *three purposes*.

- The first purpose of each letter is to *inform* your session about presbytery's *requested* minimum amount of *shared giving contribution* as it applies to your particular congregation, based on the number of active members reported in your church's previous year's annual statistical report, which was approved and submitted by your session.

The pledged and contributed amount helps, together with other congregations' contributions, to cover the administrative expenses of the presbytery. It also joins the contributions from other presbyteries to cover the administrative expenses of the synod and General Assembly. This year's per capita amount is **\$28.50 for each active member reported at the end of 2013.**

- The second purpose of the letter is to ***propose a challenge figure for shared giving*** to support programs, committee work and other ministry expenses of the presbytery and the other, wider church councils. The challenge figure is based on your church's previous year's shared giving pledge and presents a challenge to grow in giving by a certain percentage. This increase is to account for increased costs and to cultivate even stronger commitment by the church to principles of stewardship such as generosity and shared responsibility for mission. In addition, it provides funding to support innovation in ministry in a changing world.
- The third purpose of the letter is to call upon your session to fill out and send to the presbytery treasurer the included ***pledge card*** indicating ***both*** the per capita and the general benevolent shared giving amounts which the church promises to contribute during the coming year to the work of the presbytery, synod, and General Assembly. Those "***shared mission giving***" amounts are what you will send as quarterly, or preferably monthly, payments to the presbytery treasurer and then show in your regular treasurer's report.

b) Remit at Least Quarterly (Preferably Monthly), Payable to “The Presbytery of West Virginia”

In your local congregation, in your work as church treasurer, the more your income is regular, generous, and relatively frequent, the more faithfully you can pay your financial obligations in a timely way. Pledges faithfully fulfilled in a steady manner help you to do your job more easily. The same is true of the presbytery and the giving pledges of its congregations. Dependably *regular, generous* and *frequent* payments from the churches enable the presbytery treasurer to meet financial obligations in a timely manner.

Of course, as with some church members, giving is sometimes delayed on the part of congregations because of diversion of funds to other purposes or because the members have failed to provide the funds your church needs to pay its bills, including its pledge to the presbytery. This is where a *cash reserve*, money set aside for times of lower income, may be necessary for your congregation and for our presbytery in order to pay bills that are due.

The ideal, however, is frequency and regularity, and for the presbytery this means the presbytery treasurer receiving pledge payments at least quarterly, and *preferably monthly*, marked payable to “**The Presbytery of West Virginia**.” It all begins with planning and faithful giving by the people in the pews, whom God blesses each day with the gift of life and what sustains it, especially the presence of the spirit of the risen Christ, our model for faithfulness and generosity and timeliness.

c) Quarterly Summary Sheets Sent to Congregations;

Input Invited if in Error

The presbytery treasurer will keep you advised of your congregation's giving on a quarterly basis, (as you should also advise the congregation you serve as church treasurer). You should check these quarterly presbytery reports against your own records of payments made to identify any errors on the part of the presbytery treasurer so they may be investigated and corrected promptly. Your input by notifying the presbytery treasurer of the possible error is welcome and should be dealt with in communication with [our treasurer, Rocky Poole at 1-304-744-7644](tel:1-304-744-7644) or by email at treasurer@wvpresbytery.org.

d) Year End Report in January – Can Be Used for the Annual Statistical Report

You will also receive a report at the end of the year detailing your congregation's pledge and your payments for the year, along with any special offerings or other contributions forwarded to, and in many cases through, the presbytery treasurer. This report can contribute some of the financial data needed by your clerk of the session for preparing and submitting your congregation's annual statistical report to the General Assembly. It is similar to the report you give your members covering

their contributions for the year, data they will need for preparing their income tax returns.

3. Resources Available

There are various sources of guidance and advice when dealing with church finances. Some of the best are **listed on pp. 90, 91** near the end of this handbook. Printed materials, online information, people who serve as teachers and consultants, and experienced church treasurers willing to serve as your mentors can all bring a degree of helpful expertise to bear when you have questions about your work. Through the accumulated knowledge gleaned from them, you can gain greater understanding of your calling and the technicalities with which you have to deal. One of the best places to begin seeking help is our **[presbytery treasurer, Rocky Poole at 1-304-744-7644 or by email at treasurer@wvpresbytery.org](mailto:treasurer@wvpresbytery.org)**, who teaches over the telephone or by e-mail when you ask for help with a problem or need information and don't know where to find it. Even a good referral by Lois can point you to someone else with whom you should talk or to something helpful to read or watch and listen to. Hopefully this handbook will be something you'll want to consult, as well, as you engage in your work. It provides some basic knowledge about your work as church treasurer and also points beyond itself to where there's even more to learn. Make use of these resources, which are there to support you in doing your best for God and the church.

Working With the Board of Pensions

Our denomination, The Presbyterian Church (U.S.A.), has a number of ministry areas, committees, agencies, offices and so on, even a foundation, but there is only one board, The Board of Pensions. The Board is the part of our life together which embodies our common commitment to care for those who serve the church in many different roles as clergy and non-clergy employees, and their families, in the areas of pensions, death and disability benefits, and medical benefits, as well as a variety of optional benefits. In order to provide this care, the benefits plan utilizes a system of participation by all of the churches making payments of member dues calculated on the basis of the “**effective salaries**” of all of those called to service, such as an installed pastor, a church educator, a person with a specialized ministry such as chaplaincy or teaching in a church-related college or seminary or those who are employed in staff positions within the church. Participation and coverage **for installed pastors, and certified Christian educators** who meet certain criteria, is **mandatory**. For other employees, the coverage available to them is optional, depending on their desire to participate and receive benefits. They may pay for this program personally as a payroll deduction, or the church employing them may offer payment for them as a benefit of employment.

Because the financial viability of the system of care we provide depends upon what’s called “**effective salary**,” let’s begin with

considering just what that is, because you will be the one, as church treasurer, to calculate, and to send to the Board, payments for the dues of those who are participants in the plan through your church.

1. Effective Salary

Just what is the “**effective salary**” you are expected to calculate? What makes it different from just straight salary as included in the annual budget and the terms of call for your pastor and the salaries of other participating staff?

Effective salary might be called *effective income*, because it includes various kinds of income paid by the congregation in addition to the simple figure called “salary” in the budget. The Board of Pensions provides a helpful booklet called [Understanding Effective Salary](#) in which the kinds of income received in addition to basic salary are identified. The total of basic salary and these other kinds of income makes up “effective salary,” upon which participation dues are calculated as a percentage and about which you will notify the Board. If all calculations seem correct, you will begin sending regular payments to the Board, where they will be credited to your pastor and other participating employees and combined with the money sent in by all of the other churches to pay for benefits directly and to be invested to generate interest income to help with paying for the benefits the plan provides.

You should request a copy of this free booklet from the **Board of Pensions at <http://www.pensions.org> or at Phone: 800-773-7752 (800-PRESPLAN) Fax: 215-587-6215 Mailing Address: 2000 Market Street, Philadelphia, PA 19103-3298**, because it gives a very helpful listing of possible sources of income, (too long to list here) and whether or not they are to be included in determining the total effective salary of each participant, a percentage of which is the amount you will send in.

2. Member Change Form

One of your responsibilities in working with the Board of Pensions is to notify them of any changes in the income used to determine effective salary. Any increase or decrease has an impact on how much you send in as participation dues.

At the Board of Pensions website, you may download the **Change of Salary Form**, or, if you do not use a computer online, you may call the Board and request the form.

Another requirement which is related has to do with what are called **Continuation Dues**, which are paid by your church as the pulpit is declared vacant and the church will be seeking a new pastor. The dues on effective salary prior to the change are continued for twelve months unless a new person fills a position, in which case, if benefits are still to be provided, a new calculation of effective salary and participation dues must take place. The new amount of dues is sent in by you when your church is billed by the Board of Pensions, which you must notify about the new pastor or lay employee when he or she begins work.

3. 403(b) Retirement Savings Plan

A **403(b) plan**, also known as a tax-sheltered annuity, is a **tax-advantaged retirement** savings plan available for public education organizations, some non-profit employers (only Internal Revenue Code 501(c)(3) organizations), cooperative hospital service organizations, and **self-employed ministers** in the United States. It has tax treatment similar to a **401(k)** plan, especially after the Economic Growth and Tax Relief Reconciliation Act of 2001. Simply put, employee salary deferrals into a 403(b) plan are made before income tax is paid and allowed to grow tax-deferred until the money is taxed as income when withdrawn from the plan. Beginning in 2006, 403(b) and 401(k) plans may also include designated **Roth** contributions, i.e., after-tax contributions, which, if certain requirements are met, will allow tax-free withdrawals. Primarily, the designated Roth contributions have to be in the plan for at least five taxable years. (Source: Wikipedia) See also: **IRS Publication 571**.

The 403(B) retirement savings plan is one your church can offer to its pastor and staff employees at no cost to the church, permitting, at the employee's discretion, the diversion of some pre-taxation salary into a tax-sheltered deferred income account to save funds for withdrawal upon retirement. You may encourage employees to consider the option if the session approves offering it as a way to reduce taxable income and provide for the future without burdening the congregation, except as the benefit affects effective salaries. You would simply make the adjustment in salary paid and deposit the deferred income in the 403(b) account.

4. Calculating Dues

When you have gathered all of your information and calculated the effective salary on which you need to know how much participation dues

are, you may go to the Board of Pensions at <http://www.pensions.org> where you will find **calculators**, one of which will help you quickly determine the right amount of dues to pay. If you are not online with a computer, you may call and request assistance from the staff at the Board office in calculating dues figures or you may determine the appropriate percentage to use and do the calculation manually. Current percentage figures to use are:

- Medical Insurance: **23%** of Effective Salary
- Death and Disability Insurance and Pension: **12%** of Effective Salary

5. Imputed Income

Income which is non-cash, such as a benefit provided by an employer, for example group term life insurance provided in excess of \$50,000 is still considered to be imputed income by the Board's benefits plan for determining effective salary. It is a form of wealth which comes to the pastor but is non-cash wealth. This kind of information is found in the booklet [Understanding Effective Salary](#), which gives the kinds of income to count or not to count in determining the basis upon which participation dues are calculated. You may use a Board of Pensions website calculator here.

6. New Starts and Terminations

You are responsible for notifying the Board of Pensions whenever a new pastor or lay employee plan participant begins receiving compensation from your church or when a pastor or lay employee stops

receiving compensation because of termination of employment, at which times there is a change from, or to, continuation dues (see **section 2 above, “Member Change Form”**).

The Board should also be notified of changes included in the conditions of a severance package in which the pastor or lay employee continues to receive compensation for a period after employment and duties end, either in a lump sum or over a pre-determined period, during which Benefits Plan dues must continue to be paid in accordance with an effective salary determination based on the package, prior to the initiation of continuation dues.

The presbytery’s **“Policy Concerning Termination of Pastoral Relationships”** is found on the presbytery’s website available at <http://www.wvpresbytery.org/Ministries/Committees/CommitteeonMinistry> under **“Policies”** or through the **presbytery office** at [1-304-744-7634](tel:1-304-744-7634).

The relevant articles are:

g. While every severance package will be unique, each should address the issues of salary, housing, and benefits toward the objectives of (1) supporting a minister for a reasonable period of time or until the minister has entered into a comparable call or secular employment; and (2) providing a reasonable termination of salary and benefits in order that a Congregation might obtain Pastoral Leadership for the future.

h. In determining an appropriate severance package, the Task Force should be guided by (1) the ability of the church to pay, based upon a review of financial information provided by the church and (2) the Pastor’s length of service at that church.

i. At a minimum, cash salary, housing allowance (or use of the manse); utilities and Board of Pension payments are to be continued for three months after the effective date of dissolution. After three months, a minimum of 75% of cash salary, full housing allowance (or use of the manse) and Board of Pensions payments (at the appropriate recalculated amount, based on the lower salary) are to be paid for an additional three months. The church's treasurer is responsible for notifying the Board of Pensions of the change in salary. Extended severance, for longer use of the manse or additional housing allowance, and the continuation of any other benefits, including but not limited to accrued vacation time and moving expenses, etc. are negotiable. Continuing education and other professional expenses including auto allowance expense is for the benefit of the church and the Pastor and therefore is not considered part of the severance package.

j. In the event a manse is involved, the severance package should contain provision to the effect that, upon expiration of the agreed upon severance, or sooner if the Pastor moves out of the manse, the Pastor shall return all keys to the premises and surrender the premises to the church in as good a condition as when received, ordinary wear and tear expected. The Task Force should consider the desirability of including provisions calling for the Pastor to vacate the manse as soon as practicable after the effective date of dissolution.

k. In all cases, the church's responsibility for all payments or obligations under the dissolution agreement shall end when another call or other employment for the Pastor begins.

Termination compensation for a pastoral relationship must be approved by your congregation once it has been negotiated by and recommended by your session. The session will determine any compensation package for lay employees, since they are employed and

terminated by the session, not called by and terminated by the congregation with the approval of the presbytery, which establishes and terminates pastoral relationships.

Working with Pastors

1. Presbytery Minimum Compensation

Because you may be called upon to inform, advise, and assist in developing the terms of call to be offered and negotiated in calling a full-time or part-time pastor, you will want to be aware of the starting point, which is the **presbytery's minimum compensation standard** for the current year. This may be found on the presbytery website by going to <http://www.wvpresbytery.org/Documents> and searching the “**Ministry Committee Documents**” list, **or** a copy of this information may be obtained **through the presbytery office at 1-304-744-7634**.

In addition, possessing information on the congregation's current financial resources and giving trends will be of great help to decision-makers in formulating the terms of a call.

Once the terms of call are agreed upon, when the call is extended and accepted and the full-time or part-time pastor is installed, the congregation will begin to compensate him or her for fulfilling the pastoral responsibilities agreed upon. The terms will guide your work in making payments to the pastor and the Board of Pensions. The following

sections will address some of the remaining matters to consider, since questions about working with the Board of Pensions have already been addressed.

2. Clergy Salary The salary which is provided to the pastor in his or her terms of call is a) established by your congregation upon b) the recommendation of your session and pastor nominating committee, then c) approval by the presbytery committee on ministry and d) with the approval of our presbytery. Initial negotiation of the terms with a candidate for your congregation's call is conducted by your pastor nominating committee at the appropriate time, as a part of its search process, with the guidance of your session and your Church Information Form stating the range of effective salary to be considered. An annual review of your pastor's terms of call is required of the congregation at a duly called meeting at which a recommendation for change from the session may be received. The congregation itself must approve any changes in the terms. (**Book of Order articles G-1.0501; G-1.0503b,c; G-2.0804**).

3. Housing Allowance or Manse

As a condition of employment, churches are required to provide housing for the pastor and his or her family at the church's expense, either through a housing allowance for purchasing or renting and maintaining a home, or by means of providing a home owned by the church (a manse) with a manse equity allowance as stated in the terms of

the pastor's call to serve the congregation. The manse equity allowance is discussed in the next section of the handbook. You will either make direct payments of the housing allowance to the pastor or will pay the church's required contribution to the manse equity allowance fund as discussed below. These items will be included in the annual budget approved by the session to guide you.

4. Manse Equity Fund

In the case of churches which provide a manse (church-owned home for the pastor and his or her family) rather than an allowance for purchasing or renting a home, as a presbytery we help to compensate for the loss of the opportunity for the pastor to build equity in a home by requiring our congregations to provide a modest manse equity allowance as part of the pastor's terms of call. You will make regular payments in your pastor's behalf to a designated, tax-deferred, manse equity fund account to provide assistance toward purchasing a home upon the pastor's retirement. The fund is managed by the church, and not by the pastor, through your work as church treasurer.

“At its meeting on August 21, 2004, the Presbytery of West Virginia passed the following recommendation:

That the Presbytery, beginning in 2006, requires a minimum manse equity allowance of **\$500 per year** for installed pastors living in manses. The funds are to be placed in a tax-deferred account. In addition, congregations are encouraged to implement the manse equity allowance

in 2005.” (From the list of “Policies” at <http://www.wvpresbytery.org/Documents>).

If the pastor has not previously had such a fund, but your church provides a manse, you should get the assistance needed and establish this manse equity fund for the pastor, even if the pastor has previously received a housing allowance from another church he or she served. The policy is the presbytery’s commitment toward provision for the long term well-being of its pastors and their families. Please note that the policy establishes only the minimum required allowance, which a church may increase if it desires.

5. Other Allowances and Benefits

Pastors are provided additional kinds of allowances and benefits. As discussed in the section above on working with the Board of Pensions, pastors and their families are provided medical insurance, and, for the pastor, death and disability insurance as protection for his or her family. These benefits provide the care of the church for its pastor and his or her family in the event of medical expenses beyond a deductible amount or death or disability of the pastor while serving your church. There is also dental and vision and other optional coverage available. Further, there are other kinds of allowances besides benefits provided through the Board of Pensions.

A pastor incurs certain expenses in working for your congregation. For example, travel expenses occur for work reasons such as member visitation at home or in the hospital. Travel for this visitation or for such

activities as travel to and from presbytery meetings is reimbursed by voucher, to an approved limit, at the current IRS rate per mile or simply with an anticipated total expense for the year. In the latter case, any excess allowance during the year above expense is taxable income, and any expense beyond the allowed limit is deductible on taxes for the pastor. Each church decides how to compensate the pastor for this work expense according to his or her terms of call.

In the case of a manse, the church is responsible for repair expenses, but other normal costs of a home are borne by the pastor. A **manse operating allowance** may be provided to help pay for the costs. The church should pay the utility costs itself, if possible, so the exact charges are covered rather than giving a utility allowance which may exceed costs and become simply taxable income for the pastor and unnecessary extra expense for the church.

Presbytery policy is as follows:

B-3. "Utilities Reimbursement or Allowance": Churches are encouraged to pay the costs of all utilities (electric power, gas, water, sanitary fee, basic telephone service, garbage collection, possibly basic television cable). If an allowance is given for utilities, the minimum amount is \$3,200.

If a **housing allowance** is given, operating and maintaining the home is provided for by use of the housing allowance approved with, and later adjusted as needed with, the terms of call. Again, allowance beyond expense is taxable and expense above allowance is deductible for tax purposes with the following additional alternative for extra expense.

The IRS makes a provision by which the pastor may **shelter** as non-taxable a portion of salary for maintaining a household if the expense exceeds the housing allowance, or the operating allowance in the case of a manse (utilities eliminated if the church pays all utility costs.)

See **“Minimum Terms for Pastor Compensation” at [www.wvpresbytery.org/Documents under “Ministry Committee Documents”](http://www.wvpresbytery.org/Documents%20under%20%22Ministry%20Committee%20Documents%22) or through the presbytery office at 1-304-744-7634.**

Presbytery policy is as follows:

B-2. "Housing Allowance": The intention is that the basic housing allowance, over and above cash salary, be sufficient to provide adequate housing. The amount required may vary from one region of the Presbytery to another. In order to take advantage of the IRS Code (see instructions for A-1), the minister and church may agree to moving some dollars out of Cash Salary (line A-1) and into Housing Allowance (B-2), to cover the various additional expenses for providing a home beyond the actual costs of buying or renting housing. – [below]

This, of course, is the pastor’s tax concern, not yours, but it should be noted in the terms of call. You need only be concerned about how to pay the approved housing allowance or utility figure stated in the terms of call (also used to calculate effective salary for Board of Pensions dues).

Presbytery policy is as follows:

A-1. The call for ministers using a manse rent-free should specify a dollar amount that is designated for IRS housing allowance, to be used by the minister for various costs in providing a home. Such designation takes advantage of a tax break which the IRS Code

provides for ministers at no additional cost to the church. The amount so designated should be the best estimate of actual costs that will be incurred, liberally enough estimated that the tax benefits can be enjoyed and not lost because of an underestimate; but the estimate should be reality based. (For ministers receiving a housing allowance, see instructions for B-2.) – [above]

In addition to the above, the church covers certain other professional expenses for the pastor to maintain and increase his or her knowledge and abilities to serve the congregation. A book allowance, study allowance, and period of paid study leave are given to provide for these expenses. Again, as long as the presbytery minimum standard is met, these allowances may be increased by the congregation and the book and study allowances may be arranged by voucher or simple totals anticipated for the year with a certain limit stated in the terms of call.

Finally, there is paid vacation time provided, including Sundays, for the pastor to lay aside the responsibilities of work for the purpose of rest and renewal along with undisturbed family time for the maintenance of spiritual, mental and even physical health to be better able to serve the congregation after a concentrated period of Sabbath unavailable during periods of regular work for the church.

Your responsibility as church treasurer is to calculate the monthly or semi-monthly payments required by the terms of call and to be sure that you pay them promptly to the pastor according to the agreed upon terms of call, a copy of which you should be provided by the clerk of session (who is also the designated clerk of congregational meetings, such as those for extending and modifying the pastor's terms of call).

6. Employee vs. Self-Employed

For purposes of taxation, your installed pastor is considered self-employed and must pay, in equal quarterly installments, his or her own entire estimated tax due for the year. This includes the pastor's estimated self-employment tax on salary and other taxable income subject to social security tax.

If the pastor has requested on his or her Form W-4 that tax be withheld by you from salary, deduct the amount indicated, pro-rated, from each paycheck, to be paid by you quarterly to the IRS and State Tax Department.

Employers are normally required by the federal government to pay 50% of their employees' 15.3% Social Security tax. This is the practice for the church's non-ordained employees, but not for your pastor, who must pay all of his or her own self-employment tax to cover the social security obligation. The presbytery requires the church to pay your pastor what amounts to the employer's 50% of the cost of his or her self-employment tax portion plus a small offset amount to cover the additional tax which results, explained more fully in the Minimum Terms for Pastor Compensation document on the presbytery website at

[www.wvpresbytery.org/Documents under "Ministry Committee Documents."](http://www.wvpresbytery.org/Documents%20under%20%22Ministry%20Committee%20Documents.%22)

The following calculation can be used to determine the amount:

**(15.3% [Social Security tax rate] ÷ 2) + small offset adjustment
= 8.28%. 8.28% × salary, etc. taxed for Social Security = amount to
pay to the pastor to provide the employer's part of the cost of his or
her self-employment Social Security tax (SECA).**

7. Accountable Reimbursement Plans

One thing you should impress upon your pastor is the importance of the use of vouchers to document requests for and payments made for reimbursable expenses such as the allowances for travel, books and journals, study leave expenses for continuing education, utilities for manse if the pastor pays the bills. Otherwise, if not vouchered, professional expense payments are entirely taxable.

8. Taxes

In the matter of taxes, simply remember the importance for the pastor of having documented evidence of vouchered, reimbursed expenses. As noted above, allowances become taxable income if they are not documented as reimbursements. They also increase the income figure in calculating effective salary with the Board of Pensions, increasing what the church must pay as dues for the pastor unnecessarily. Attention to this detail of submitting vouchers for reimbursed expenses will help to save money all around.

9. Annual Review of Pastor's Terms of Call

Book of Order, article G-2.0804: “The terms of call shall always meet or exceed any minimum requirement of the presbytery in effect when the call is made. The session shall review annually the minister’s terms of call and shall propose for congregational action (**Book of Order article G-1.0501**) such changes as the session deems appropriate, provided that they meet the presbytery’s minimum requirements. The call shall include participation in the benefits plan of the Presbyterian Church (U.S.A.), including both pension and medical coverage, or any successor plan approved by the General Assembly.”

The current presbytery minimum standard for terms of call is found at: www.wvpresbytery.org/Documents. Look under “**Ministry Committee Documents**” or request a copy through the **presbytery office at [1-304-744-7634](tel:1-304-744-7634)**.

10. Termination of a Pastoral Relationship

When the relationship between a congregation and its pastor comes to an end, a severance package is negotiated to provide support for the pastor and his or her family for a reasonable time during this period of transition. The Committee on Ministry of the Presbytery has a policy governing this process. The full policy is available on the Presbytery website at <http://www.wvpresbytery.org/Documents> in the “**Policies**” section at the bottom of the page, or you may request a copy through the **[presbytery office at 1-304-744-7634](tel:1-304-744-7634)**.

As with terms of call when a pastoral relationship is established, terms for concluding the relationship require information, which you will be able to supply. This will be information regarding the financial situation and giving trends of the Congregation, the current terms of call in effect and the minimum standard for terms of a severance package in the Committee on Ministry policies.

Supplying this information to the decision makers as terms of a severance package are negotiated will be of great assistance as they seek to make good decisions. You are the one who will have the information they need, and as the result of their work you will receive the guidance needed to carry out your work of compensating the pastor once the agreement takes effect.

Finally, you will be the one to advise the Board of Pensions of the changes in the pastor's status, compensation, and so on. You are the vital link in this and many other ways in your service to the church and to our Lord.

An Afterword

It is our hope that you will find this handbook useful as you begin your work and as a reference as you continue to fulfill your calling as church treasurer. The **presbytery treasurer, [Rocky Poole](#)**, is available at **[304-744-7644](tel:304-744-7644)** or **treasurer@wvpresbytery.org** to help you if you still have questions. We want you to feel both a sense of competence and a sense of satisfaction in serving others through this special ministry. If the handbook helps you to become oriented in your work as you learn and teaches you how to deal with the “nuts and bolts” of what a Church Treasurer does, then it has served its *educational* purpose. If it helps you to feel the interest and support of your presbytery, then it has served its purpose as an expression of a *covenanted connectional* church. If it helps you to know the love of God for you and for those you serve as their church treasurer, then it has served its *spiritual* purpose.

Below, you will find additional resources, some of which are publications and some of which are people ready to assist you when you need help or encouragement. Together with them, we dedicate this *Church Treasurer's Handbook* to you with gratitude for your service to the church of Jesus Christ, The Presbyterian Church (U.S.A.), The Presbytery of West Virginia, and your own congregation. God bless you in your calling.

Resources for Treasurers

- 1. *Clergy Law and Tax Report*, Published Bi-Monthly by
Christian Ministry Resources**
- 2. *Church and Clergy Tax Guide, 2014 Edition*, Published by
Christian Ministry Resources**
- 3. *Church Finance Today*, Published Monthly by
Christian Ministry Resources**
- 4. *Tax Guide for Ministers and Churches*, Published by the
PCUSA Board of Pensions**
- 5. *Understanding Effective Salary* Published by the
PCUSA Board of Pensions**
- 6. *Tax Guide for Churches and Religious Organizations*
Internal Revenue Service**
- 7. *Tax-Sheltered Annuity Plans (403(b) Plans)-Pub. 571*
Internal Revenue Service**

Appendix A

Helpful People, Important Numbers and e-mail Addresses

Rocky Poole, Presbytery Treasurer
1-304-744-7644 or 1-304-744-7634
www.wvpresbytery.org
treasurer@wvpresbytery.org

The Presbyterian Foundation
1-800-858-6127
www.presbyterianfoundation.org

Internal Revenue Service
irs.gov
1-877-829-5500 Telephone
Assistance (Mon-Fri 8-5 Local)

West Virginia State Tax Department
www.wva.state.wv.us/wvtax/default.aspx
8297
(Mon – Fri 8–5)
TaxWVTaxAid@wv.gov

Rev. Ernesto Badillo, Jr.
Regional Representative, Board of
Pensions
T 1-215-587-7346
C 1-215-510-6864
ebadillo@pensions.org

PC(U.S.A.) Board of Pensions
www.pensions.org/portal/server.pt
1-800-773-7752 (Mon-Fri 8:30-5)
communications@pensions.org

1-304-558-3333 1-800-982-

Appendix B

Current Year Rates for IRS, Presbytery, and Board of Pensions

Mileage reimbursement rates:

IRS \$.575/mile on

business

\$.14/mile (Volunteers)

Presbytery:

- **\$.35/mile if carpooling (Volunteers)**
- **\$.22/mile if solo (Volunteers)**

Board of Pensions Dues Rates

- **23% of effective salary – Medical – just for pastor**
- **24.5% effective salary – Medical for pastor & families**
- **12% of effective salary – Pension; Death and Disability**

Appendix C

“Record of Offering” Form Sample (found below on p.95)
