



Episcopal Diocese of Georgia

Serving Central and South Georgia since 1733

Vestry Basics & Parish Administration

Knowing the basics & using best practices

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Canon for Administration

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Canon to the Ordinary

Agenda

Introduction

The Role of the Vestry

Church Accounting

Insurance

Taxes

Church as Employer

Health Insurance

Diocesan Reports

Vestry Basics

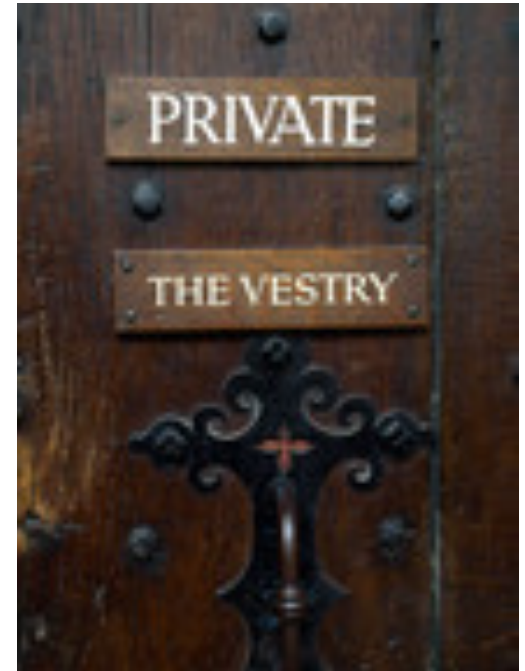
Best Practices

Why Vestry?

How the history matters

The vestry was the group of men charged with running the temporal affairs of the parish (which was the geographic area and not just the Church itself). The history begins with a 1598 decision to have vestries care for the poor.

They met where and as needed, but traditionally in the vestry of the church. There was, in 17th century Britain, an annual meeting at Easter each year convened to audit accounts and appoint parish officers.



Why Vestry?

How the history matters



Puritans saw the vestry system as a way for lay persons to acquire authority. Because of the indifference of the crown, vestries began selecting rectors by 1630.

And in 1643, Virginia legislature abdicated its involvement in rector searches in favor of vestries. This was not common practice. In Maryland, the colonial governor named rectors to their posts.

Rector, Wardens, and Vestry

Acting together

Vestries pushed for more authority and by 1804 the life tenure of rectors, who could only otherwise be removed for grievous offense, was replaced with a canon that allowed vestries to appeal to the bishop for removal for cause.

The founders of The Protestant Episcopal Church in the United States of America believed in representative government rather than pure democracy. They gave the authority to the Rector, Wardens and Vestry *acting together* on behalf of the congregation.

Rector, Wardens, and Vestry

Canonical Responsibility

Canonical Responsibility

“The vestry shall be agents and legal representatives of the Parish in all matters concerning its corporate property and the relations of the Parish to its clergy.” Title I Canon 14, Section 2

*note – remember to think “rector, wardens, and vestry”
as together they form the vestry*

Rector, Wardens, and Vestry

Mutual Responsibility

Together they are accountable for both the spiritual and temporal life of the church. Priests are not in charge of only spiritual matters and vestry responsible for business alone. *We have a sacramental model.*

The priest in charge of a congregation has a responsibility to oversee the business side of church life and likewise the vestry are called by the Holy Spirit through the election process to assist in the oversight of the ministry of the church.

When the vestry is mission minded,
the whole congregation is much more likely to be mission minded.

Rector, Wardens, and Vestry

Incarnational

Vestries should move beyond merely controlling spending and protecting the buildings and property.

- Find and forge vision,
- Live into that vision as a vestry,
- Set policies that encourage that vision to be made real in the whole congregation.

The vestry is the church in miniature and a model for others. Churches have great difficulty rising beyond the vestry.

The Rector, Wardens and Vestry must BE the church they desire.

Rector, Wardens, and Vestry

Flying at 30,000 feet

- Each month, the vestry should be keeping up with the finances of the church, both income and expenses.
- Each month, the vestry should be keeping up with attendance at Sunday worship and other indicators of congregational vitality.

Track trends rather than getting caught in minutia.

Rector, Wardens, and Vestry

Budget Basics

Budget for More Than Pledges Alone

- **Using pledge income alone as the source of the revenue line of the budget is too conservative.**
- **Budget based on current average giving and you will take the guess work out of predicting the next year's income.**

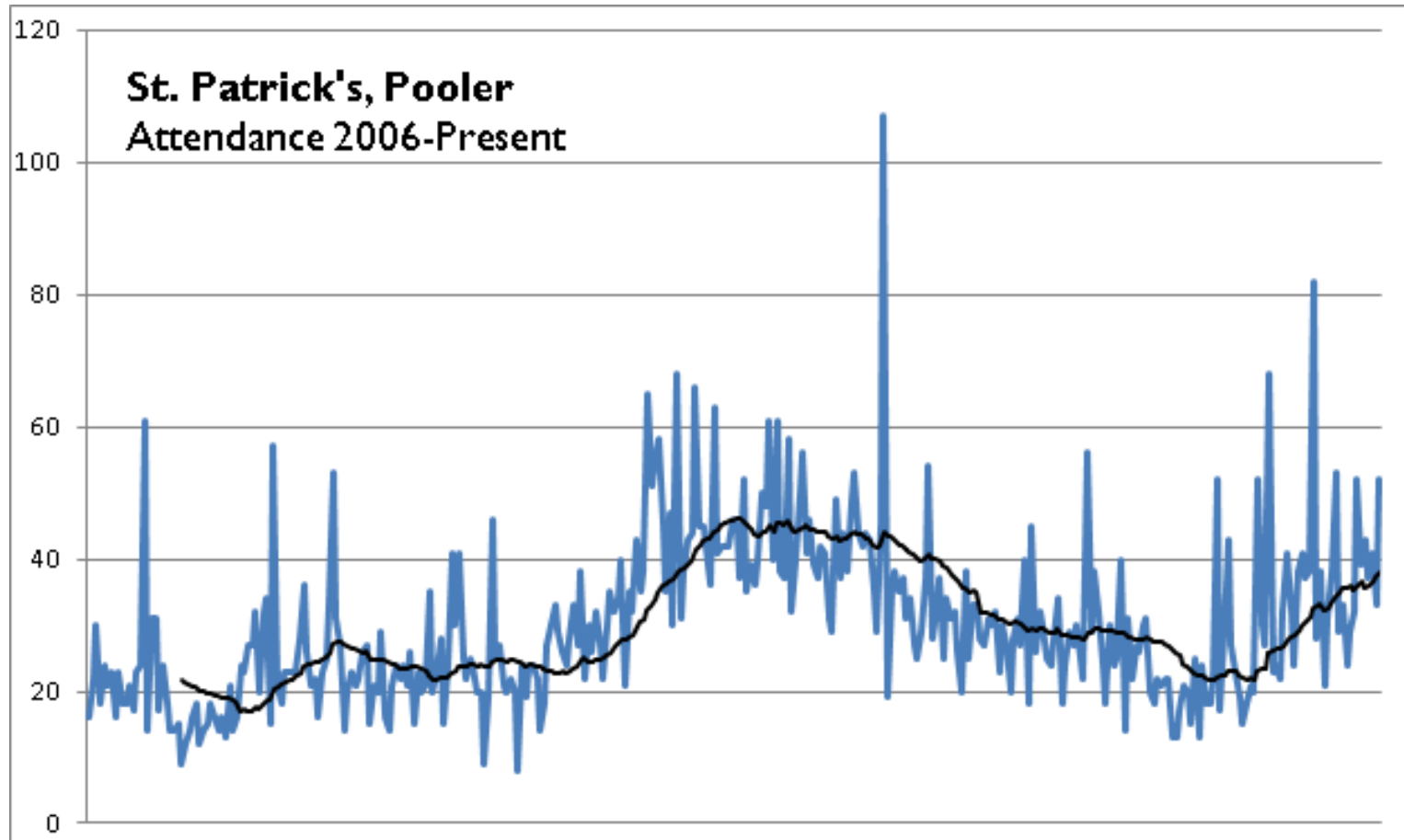
Attendance and Offering—September 2009

	Attendance	Offering
September 6	125	\$2,949.50
Sunday 8:30 a.m.	42	
Sunday 10 a.m.	83	
September 13	100	\$3,208.50
Sunday 8:30 a.m.	11	
Sunday 10 a.m.	89	
September 20	124	\$2,190.00
Sunday 8:30 a.m.	13	
Sunday 10 a.m.	111	
September 27	126	\$2,437.00
Sunday 8:30 a.m.	13	
Sunday 10 a.m.	126	
Average Totals	118.75	\$2,696.25
Previous Month Average	106.8	\$2,591.57
September 2008 Average	113.75	\$2,250.27

Rector, Wardens, and Vestry

Flying at 30,000 feet

26-Week
Rolling
Average



Church Accounting

Dispelling the mystery

These are the basic tasks:

- Deposit Slip Comparison,
- Signing Checks w/ documents,
- Tracking check numbers,
- Review the Bank Statement,
- Secure checks and Monitor check numbers,
- Background & Credit Checks

Did you Know?

Canons require an annual audit...

... which can be performed as a peer review for congregations with revenue under \$250,000

Access the internal controls checklist [here](#).



Fraud

How can it happen?

- Bookkeeper instructed to deposit offerings in separate account
- Checks written to “Cash”
- Requiring only one signature
- Write Checks for personal expenses then destroy the checks
- Deposit checks to personal account
- Personal use of credit card or store accounts

Good Practice

What are good actions to consider?

Receipts and Disbursements

- Procedures for handling should divide these tasks and provide for more than 1 person at each step:
 - Two unrelated adults count the collection. Neither should be the treasurer or bookkeeper.
 - It is preferable for one person to prepare the checks which another person signs, to have two signatories.

Controls

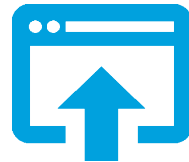
- It is crucial that someone not responsible for receiving or disbursing funds but knowledgeable in finances review and preferably reconcile the bank statement.
- Monthly and Annual Financial Reports should be shared widely and reasonably easy to understand.
- Best practice is to compare expenses to budget.

Resource Check ✓

Your main reference source

Manual of Business Methods in Church Affairs

<http://www.episcopalchurch.org/finance>



Church Insurances

The Canons require that buildings and contents be “adequately insured.” The Canons also require that Treasurers and custodians of church funds be “adequately bonded.” Types of insurance include:

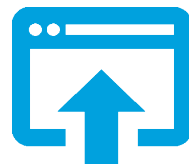
- Property (included with Church Insurance - Pinnacle)
- Liability (included with CI-P)
- Worker’s Compensation (Diocesan Group)
- Fidelity Bond (Provided by Diocese)
- Sexual Misconduct Liability (Included with CI-P)
- Ordinance and Law (included with CI-P)
- Equipment Breakdown (included with CI-P)
- Director’s and Officers (included with CI-P)
- Employer Liability (included with CI-P)
- Additional Liability (available from CI)
- Vehicle (Owned and non-owned or hired, available from CI)
- Youth Activity/Day Care Insurance (accident insurance, medical coverage, available from CI)

Resource Check ✓

*For general questions in planning and purchasing
insurance*

Regional Agent: Linda Knowlton
lknowlton@cpg.org

visit: cpg.org



Risk Management

The Church must *exercise reasonable care and if it knew of or should have known of a hazard provide adequate warning*

Sexual Misconduct and Child Abuse

- Safeguarding Online
- Background & Reference Checks
- Sign Church Worker's Statement of Sexual Conduct and the Covenant for Sexual Responsibility
- Provide copy of the Policies / Post Notices

➔ **A key principle: No staff or volunteer is ever alone with a minor**

Workers Compensation

- The Diocese contracts for an umbrella policy
- First Report of Injury: <http://employersclaim.com/>
- Worker's Comp Rights Notice must be prominently displayed
- Your rate is set annually

➔ **A key principle: Contact the Diocese if you are unfamiliar with worker's comp**

Church and Taxes

Did you know?

Parishes, dioceses and related institutions are covered under the group tax exemption of the “Domestic and Foreign Missionary Society.”

- Exemption is a “grace” not necessarily flowing from the 1st Amendment separation of church and state
- Your tax exemption can be put risk by certain political activities



Ancillary Ministries are included if:

- Under “supervision and control” of parish
- Documents reflect the link
- Written authorization for inclusion
- Bona fide religious or charitable purpose
- The ministry was never refused for 501(c)3 recognition

Taxes NOT exempt from:

- Churches are NOT exempt from Sales Tax
- Church properties may be subject to Property / Apply for Exemption, not automatic
- Leasing Church property may void the property tax exemption
- Unrelated Business Income Tax may be payable on income not related to the church’s tax exempt purposes. Certain income is exempt. Be sure before proceeding

Discretionary Accounts

- Become taxable income for the clergy if not handled carefully
- Vestries should prescribe use consistent with the purpose of the church
- Use for personal items must be prohibited
- Items purchased remain the property of the parish
- Include any discretionary fund in the parish audit



Church as an Employer

Tax filing guidelines for a parish and its clergy and lay employees are as follows:

- Compensation for employees (nursery worker, secretary, or priest) is reported annually using the W-2 and Form 941. Note that churches are exempt from FUTA
- Compensation for non-employees (supply clergy or musicians) is reported using a **Form 1099** (\$600 in payments as threshold)
- Consideration should be given to using an outside service to handle complex payrolls.

Annual changes

Make sure to review the Business Methods of the Church to know the latest H.R. and employer guidelines....

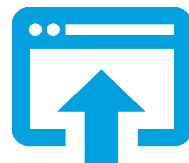
Resource Check ✓

Tax Guidelines and Forms?

[IRS.gov](https://www.irs.gov)

Clergy Tax Questions?

[2016 Clergy Tax Guide](#)



Church as an Employer

Employee Benefits

- Medical Benefits in Parity with Clergy for Lay Employees working 1500+ Hours Annually
- Pension Benefit of 9% for Lay Employees working 1000+ Hours annually

Church as an Employer

Clergy as Employees

Compensation

Insurance

Reimbursement

Housing

Tax Status

Pension

Church as an Employer

Clergy as Employees

Compensation

- Cash Compensation includes:
 - Salary
 - Housing
 - SECA
- Benefits are:
 - Insurance
 - Pension Fund Benefits

Tax Status

- Clergy are considered employees for *income tax calculation*
- Clergy are self-employed for calculation of *SECA or SE Tax* (Social Security & Medicare)

Church as an Employer

Clergy as Employees

Housing

- Approved in advance / No Retro-active Approval
- May not exceed what has actually been spent
- Cannot exceed the fair rental value of the home *furnished and with utilities*
- Clergy renting or in a church-provided home may claim a “parsonage allowance”

Reimbursement

- Reimbursed Expenses:
 - must have a business purpose
 - And be submitted within 60 days
- The plan must be in writing and be formally adopted
- If an “Accountable Plan” is not used travel must be reported as income

Church as an Employer

Clergy as Employees

Insurance

- The Clergy Pension Fund include the following additional insurance coverage:
 - Survivor Income
 - Term Life Insurance
 - Short and Long Term Disability

Pension

- The Assessment is 18% of compensation.
- Assessment is based on figures *reported to the Pension Fund*. Housing is included.
- An arrearage adversely effects benefits.

Resource Check ✓

Pension Forms?

CPG Forms

Questions about CPG services?

CPG Administration



Health Insurance

Overview

- Employers are required to offer a health plan through the Medical Trust to employees scheduled to work and compensated for 1,500+ hours/year. Diocese of Georgia requires coverage for over 30 hours a week.
- What other benefits come with Medical Trust health plans? Medical Trust Plan members enjoy many value-added benefits, including:
 - EyeMed vision care
 - Employee Assistance Program (EAP)
 - Health Advocate
 - Amplifon hearing care
 - UnitedHealthcare Global travel assistance
 - Silver Sneakers Fitness (retirees only)

Health Insurance

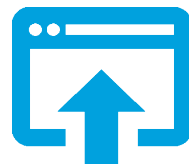
2016 Rates

Medical Plan / Monthly Rates	Single	Employee + 1	Family	Plan Code
High Deductible Plans				
Anthem BCBS CDHP-15/HSA	\$684	\$1231	\$1915	MHDG
Anthem BCBS CDHP-20/HSA	\$605	\$1089	\$1694	MHDE
Anthem BCBS CDHP-40/HSA	\$546	\$983	\$1529	MHBR
PPO Plans				
Anthem PPO 75/50	\$809	\$1456	\$2265	MSPV
Anthem PPO 80/60	\$896	\$1613	\$2509	MSPZ
Anthem PPO 90/70	\$1035	\$1863	\$2898	MSP0
Anthem BCBS EPO80	\$888	\$1598	\$2486	MSEZ
Medicare Eligible Plans				
MS Anthem PPO 75/50	\$590	\$1062	\$1652	MSG5
MS Anthem PPO 80/60	\$641	\$1154	\$1795	MSG3
MS Anthem PPO 90/70	\$705	\$1269	\$1974	MSG2
New Plans				
Anthem MS PPO 70 SLV	\$552	\$994	\$1546	MPSI
Anthem PPO 70 SLV	\$757	\$1363	\$2120	MSG8
Anthem BCBS MS EPO80	\$627	\$1129	\$1756	MSG7
EAP	\$5	\$5	\$5	MEAP

Resource Check ✓

New Enrollment Form?
CPG Forms

Questions about CPG Health Insurance?
Call Client Services
M-F 8:00AM-8:00PM
(800) 480-9967



Diocesan Reports and Timeline

In addition to the day to day administration of the parish, there are several canonically required reports due to the Diocese on an annual basis. They include the following:

Parochial Report
March 1

FY Audit
September 1

Tithe Letter
September 1

Clergy
Compensation
Dec 31

Congregational
Officers
Annual

Resource Check ✓

Diocese Policy Manual
Policy Manual

Looking for Diocesan Resources?
Visit the Reference Library



Rector, Wardens, and Vestry

Best Practices

Don't Triangulate

Person A has a problem with Person B, but instead goes to Person C and insists he or she confront Person B without mentioning his or her name.

In so doing, the person with the problem remains anonymous and C tries to “fix” B.

Two Options

1. Offer to get together with the two persons as they discuss the issue, or
2. Offer to approach the person about the problem, but only if you can name who has the concern. In so doing, you close the triangle and cause the problem to be dealt with openly.

Rector, Wardens, and Vestry

Best Practices

No Anonymity - Prohibit the following and similar at vestry meetings:

“people are saying” or “I hear that”

A Christian community must find a way to air its concerns openly.

Two Options

1. Either, get the person with the issue to come state their complaints to the vestry, or
2. Gain their permission to use their name in presenting the problem.

If there is a good, pastoral reason why the name need not be shared with the whole group then the priest and/or wardens should know the person's name and why the name should not go forward to the vestry with the issue.

Rector, Wardens, and Vestry

Best Practices

Give vestry members the information they need in advance

1. Treasurer's Report and Agenda 1- week ahead
2. Treasurer questions asked in advance
3. Set agenda with time segments for each topic
4. Discuss topics at least one month before decisions.
Investigate questions in between.

*No good decision is made by a vestry either
after 9 p.m. or two hours of meeting.*

Q&A

Follow-up with

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kwilloughby@gaepiscopal.org

Canon Frank Logue
flogue@gaepiscopal.org