



ST. MATTHEW'S NEW LIFE Financial Policies & Procedures

SMNLUMC Overall Finance Team Duties

(Team = Counters, Finance Secretary, Treasurer, & Finance Chair)

1. Offering money is counted at the end of Worship Service by Counters. Counters are appointed by the Finance Team Leader and submitted to the Church Council as a matter of record.
2. All monies are deposited each by
the designated Lead Counter immediately following the completion of counting money. No monies are kept overnight by Counters. **NOTE:** *Any mid-week offerings (or non-Sunday collections) are collected and bagged by a Counter, locked in the church safe, retrieved by the Financial Secretary the following Sunday, and counted/noted/recorded with the current Sunday's collection.*
3. All monies counted are recorded in the appropriate account categories on the SMNLUMC Weekly Collection Form.
4. The Financial Secretary records the receivable income each Sunday on the SMNLUMC Collection form which eventually forms the information used as the monthly receivables report presented to the Finance Team and Church Council.
5. The Financial Secretary also inputs giving data into special church software designed to keep record of each member's envelope giving. A summary of envelope offering amounts are provided to each church member twice a year, January and July. Envelope offerings can be provided quarterly for any self-employed church member upon request.

There are only two check approval signatures on file at the Bank

7. The Treasurer writes checks to pay salaries, bills, invoices, vouchers, and reimbursements. Only one signature per check is required. As a rule only the Treasurer will write and sign checks. However, checks may also be written and signed by the Finance Team Leader as needed or required for back up. As a rule, salaries, bills, invoices, vouchers, and reimbursements are dispersed by the Treasurer using Bank of America Bank on-line banking system. Some vendor bills are established and dispersed as automatic payments. For the most part manually written checks are kept to a minimum.
8. The Treasurer prepares/inputs data into the General Ledger to account for all receivables and every expense item and reason. The Treasurer also establishes SubAccount ledgers that tie back to the General Ledger. This is done to accommodate for the absence of (establishing) mini bank accounts for special events, and various church organizations and committees. As a rule, and by UM Discipline the UM Church may only establish 2 bank accounts: 1 for the church, and 1 for United Methodist Women.
9. The monthly financial report consists of: 1) the Financial Secretary's monthly income report, 2) income tracking report and 3) income comparison report; and the Finance Chair's 4) monthly bank statement report, and 5) budget variance. The general ledger is not generally submitted as a monthly report. These reports are compiled and presented by the Finance Chair to the Finance Committee and/or Church Council's meetings for review and approval. These reports are presented twice monthly – once to the Finance Committee and once to the Church Council.
10. All bank transactions regarding new accounts or changes in existing accounts should be communicated among the Pastor, Church Council, and Finance Team, and "signed off on/approved by" the Church Council.

11. In addition, the church has no savings, certificates of deposits, investments, rental properties, or any other form of monetary wealth..

SMNLUMC FINANCE TEAM MONEY TRAIL

1. Worshipers place their tithes and offerings (**MONEY**) in the collection baskets.
2. At the end of Worship Service **MONIES** are counted and prepared for bank deposit by the Counters.
3. The Finance Secretary records income data, keeps record of **MONIES** collected, and gathers giving envelopes to record in giving records.
4. The (Lead) Counter deposits **MONIES** same day as counted in the Bank of America's night deposit.
5. The Treasurer verifies the Finance Secretary's recorded receivables 2 business days later using on-line banking and notes the Church's Ledger.
6. The Finance Chair gathers bills, conference commitments, payroll commitments, other finance commitments and prepares "authorization to pay" (disbursement) spreadsheet.
7. The Finance Chair sends spreadsheet [*entitled 'Bills Okay To Pay'*] to Treasurer.
8. The Treasurer and Finance Chair discuss ability to pay and prioritizes what to pay given account income.
9. The Treasurer records payments in General Ledger & issues payments to recipients and/or vendors.
10. Restart at number 1.

SMNLUMC Counting Team Policy

- ◆ Policy considerations used in making Counting Team Selections/Revisions:
 - [Membership](#) and loyalty to SMNLUMC
 - [Commitment](#) to Task
 - Regular Church [Attendance](#)
 - [Participation](#) in Church life activities
 - [Capacity](#) to preserve the integrity of the position
 - [Competency](#) to perform Counting job

- ◆ BWC Treasurer and Auditor Rules of Structural Separation – Finance Chair, Treasurer, and Finance Secretary cannot count. However, the Financial Secretary “*shall supervise the counting process*”. See UMC Discipline ¶258, 4.a.

- ◆ Persons who have check signature authorization cannot count. (Note: Our Finance Secretary does not have check signature authorization.)

- ◆ If any Counter cannot perform their duties on their assigned Sunday, they should contact their fellow team members to let them know. And, if necessary, find a substitute.

- ◆ If there are less than 2 persons counting, the counting team must find a substitute from another Sunday Counting Team to assist.

- ◆ There must be at least 2 counters at all times.

- ◆ No 2 persons of the immediate family residing in the same household can count offering at the same time. See UMC Discipline ¶258, 4.a.

- ◆ Counting infractions are to be reported to the Financial Secretary.

- ◆ Church members may volunteer as Counting Team members, or potential Counters may be suggested by other church members and sanctioned by the Finance Team. The Finance Team Leader may also

approach potential church members and, given the policy considerations of Counters, designate a new Counter.

- ◆ See list of current SMNLUMC Counting Team, effective ?DATE?, on page 14. The Counters listed will remain in effect until revised by the Finance Team Leader.

SMNLUMC Sunday Collection Procedures

1. Church members are designated by the Finance Team (See UMC Discipline ¶258,4a) to count monies received at Church Offerings. Each Sunday a minimum of 3 Counters are scheduled to count including a Team Leader. The Team Leader assumes the responsibility to oversee the counting process.
2. Each Sunday a designated Counter receives the Offering from the Head Usher/Trustee
3. Coins, paper money, and checks are counted separately using an adding machine and register tape. The Counters pair up in twos—two to count the cash and two to tally the checks. One counter in the pair will count/tally first and the other Counter will count/tally to verify the total.
4. The SMNLUMC Collection Form is completed by the Lead Counter or a designate.
5. Loose checks of persons that have no Envelopes or persons who have forgotten their Envelopes are documented on the first page-right side of the Collection Form.
6. Listing of checks is not required on the Bank Deposit slip; however, a tape register must accompany the deposit slip. All checks are stamped “For Deposit Only”. Copies or duplicate tapes are stapled to the Collection Form.

7. Deposit slip entries must show the sub total amounts of cash, coins, and checks. The grand total of the deposit must also be documented.
8. The register tape, deposit slip, and ALL monies are placed in the deposit bag.
9. The Finance Secretary should give the approval or okay to seal the deposit bag once all above procedures are satisfactorily met and completed.
10. The Finance Secretary is present in the counting room to supervise the counting and record keeping processes. This function is allowed by UM Discipline.
11. The SMNLUMC Collection Form is emailed to the Pastor, Treasurer, & Finance Chair by the Financial Secretary each Sunday. The Collection Form is placed in the Collections Binder and kept for 5 years. There are no copies made of the SMNLUMC Collection Form.
11. After counting, the money is placed in the bank bag, taken directly to the bank by a Trustee,

_that we are to deposit church monies.

MISCELLANEOUS NOTES:

- (1) All bank statements are addressed to the church at the attention of the Finance Chair.
- (2) All IRS notifications are addressed to the church at the attention of the Finance Chair.
- (3) No personal or church payroll checks shall be cashed with monies collected from offerings.
- (4) Envelope amounts will not be altered once they are placed in the offering plate.

SMNLUMC Employee Pay Policy

No tax (federal, state, or social security) is withheld from the Pastor's salary. Legally this is permissible and can be found in the IRS publication: "Tax Guide of Churches and Religious Organizations". In addition, the BWC and most Pastors as a rule do not expect local Finance Teams to care for their tax withholding or personal tax accounting. As new pastors are assigned the SPRC should inquire what the incoming pastor prefers, i.e., whether they have an accountant who is responsible for their tax withholding and tax accounting or if the church Finance Team is responsible.

HOWEVER, a W-2 is and must be issued annually for the Pastor stating his/her compensation on line 1 of form W2. Housing allowance, if applicable, is reported and shown separately from the Pastor's cash salary on line 14 of the W-2 form. If the Pastor's travel allowance, continuing education allowance, professional expenses allowance, etc., are not held in a reimbursable account plan then these amounts are added to his/her salary as total wages earned and included on line 1 of form W2.

The pastor's annual salary is paid equally on a bi-weekly basis. Currently the church also provides the pastor the following additional funds: monthly housing allowance, reimbursable account spending, education allowance, ministerial pension plan, and medical insurance premium.

If the pastor participates in plan 403b, we must deduct that amount from his/her salary and submit to the conference. This voluntary pension fund annual amount should be deducted from the pastor's salary when reporting his/her W-2 wages.

Submission of Time Sheets by the church staff is not required for wage payment unless conditions warrant it. In the place of timesheets the Employee Payroll Distribution form is kept and updated by the Finance Team Leader. This form validates pay, frequency, and withholding amount of all staff personnel. This form is created and updated annually as a result of dialogue among the SPRC Chair, the employee, and the Finance Team Leader.

All other staff employees are salaried and paid weekly. W2s and 941s are issued and taxes withheld according to federal government guidelines.

Occasionally we employ auxiliary musicians who are paid per occurrence. If the musician's salary exceeds \$600 annually a 1099 is prepared and dispersed according to IRS federal government guidelines.

SMNLUMC Policy Re Disbursement of Checks/Payments

Salary checks are issued by-weekly/weekly: after morning worship.

As a rule---Baltimore Washington Conference obligations will be issued twice a month: the Tuesday/Wednesday following the Second Sunday and the Tuesday/Wednesday following the Fourth Sunday.

As a rule---all recurring/periodic/new bill payment checks are issued (at a minimum) twice a month: the Tuesday/Wednesday following the Second Sunday and the Tuesday/Wednesday following the Fourth Sunday.

Special arrangements for immediate check issuance of check request submitted by the Trustee Team for payment to a **contractor** are permitted.

All check requests submitted by church members for reimbursement should allow **one (1) week** for check issuance.

All vouchers and bills are retrieved by the Finance Team from the Intra Office Finance Bin once a week, generally on Sundays.

SMNLUMC Check Writing Policies, Procedures & Process

There are basically six scenarios where the Finance Team entertains writing and issuing checks. They are:

1. Salaries of the Pastor and Church Staff.
2. UMC Conference obligations.
3. Recurring/periodic/new bills received for the purpose of maintaining the infrastructure of the church.
 - a. Periodic bills from the Trustees for interior and exterior Capitol Improvements.
4. Short term expenses for the purpose of special church days and events.

5. Advance funding of in and out funds for special events/occasions where repayment is expected in 30 days or less.
6. Reimbursements to church members, including Pastor, Trustees or any Church Official, who incurred debt on behalf of the church.

The purpose or reasons for issuing checks in scenarios 1 and 2 are well established and does not require that we edit the process. Receipt of vouchers for scenarios 1 & 2 are not a requirement.

Scenario 3: All bills received (recurring/periodic/new) for the purpose of maintaining the infrastructure of the church should be placed in the Intra Office Finance Bin for the Finance Team to retrieve. A separate voucher for these type bills is not required. Nor is there a voucher required for church insurance and security system bills. Payment to these entities is accomplished via receipt of bill/invoice from the respective vendors.

Bills that are created as a result of the Trustee Team's church maintenance issues should be placed in the Finance Bin along with an accompanying voucher. Some emergency maintenance issues or obvious maintenance issues do not require vouchers---bill or invoices from the company performing the maintenance function will suffice for a paper trail and payment authorization.

Scenarios 4 & 5: All bill payment requests in these 2 categories always require a voucher and should be submitted to the Pastor for approval and payment.

Scenario 6: All reimbursement requests require a voucher and receipt(s). The receipts should equal the voucher amount. The church member who incurred the expense should submit the voucher.

All bills are noted with the date paid and check number or the date paid on line and filed by month and kept for 5 years. All vouchers are filed by month and kept for 5 years.

SMNLUMC Monthly Finance Reports

The monthly reports are created mainly by the Finance Secretary; and, the bases of the reports begin with the Collection Form. The Collection Form is filled out every Sunday during the counting session and kept in a binder for a period of five years.

At the end of each month the data recorded each Sunday on the Collection Form is transferred to the Monthly Income Report (1) form. This report is prepared by the Finance Secretary.

The Monthly Income Reports are transferred each month to an excel spread sheet to form a picture of income collected per category throughout the year on a month by month basis. The Income Tracking Report (2) is prepared by the Finance Secretary.

The Monthly Comparison – Year Over Year Report (3) compares monthly envelope, building and loose plate giving over a 3 year period. This report is prepared by the Finance Secretary.

The monthly bank statement is received by the Finance Chair. A self audit is performed (by the Chair) by comparing the Treasurer's General Ledger and the banking statement. The Baltimore Washington Conference objects to the receipt of any bank statements addressed to the church's Treasurer.

"He who writes the checks shall not self audit himself."

The Treasurer updates the General Ledger each time monies are dispersed and sends an electronic copy to the Chair for back up and review. As a rule the General Ledger is not shared as a monthly report with the Church Council. However, it can be viewed upon request at anytime by members of the Finance Committee if conditions warrant or an issue arises.

The monthly Bank Statement Report (4) is a replication or copy of all financial data contained on the official bank statement. This report is prepared by the Finance Chair.

The last monthly report is the Budget Tracking Variance Report (5) which shows the difference in total income from the approved annual budget. This report is prepared by the Finance Chair.

All reports are prepared and kept electronically in excel. The Finance Chair maintains an external back up drive with one TB (terra bite) of memory. This external drive serves as an electronic back up for all SMNLUMC finance reports and information. The five monthly reports are electronically gathered by the Finance Chair along with a summary sheet highlighting salient points and presented monthly or bi-monthly to the Church Council.

SMNLUMC Finance Team Leader Policies/Responsibilities

The Primary Task of the Finance Team Leader

To propose, raise, manage, and distribute the resources of the congregation to support and strengthen the mission and ministry of the congregation.

Responsibilities of the Committee

1. To build an annual budget to support the mission and ministry of the congregation and to submit it to the church council for approval.
2. To develop and carry out plans to raise enough income to support the budget that has been approved.
3. To carry out instructions about allocations from the church council.
4. To guide the work of the treasurer, the financial secretary, and the Counters.
5. To arrange for an annual audit of the records of financial officers and to report to the charge conference.
6. To be accountable to the charge conference through the church council.

Responsibilities of the Chairperson

1. To be responsible for guiding the work of the committee through the year, planning agendas, and presiding at meetings.
2. To be responsible for gathering all budget requests to be reviewed by the committee.
3. To recommend to the church council any changes that need to be made in the budget after it has been approved.
4. To ensure that the congregation and pastor(s) are informed about the church's financial situation.
5. To participate in the church council.
6. To be accountable to the charge conference through the church council.

SMNLUMC Local Church Finance Team Leader Responsibilities:

1. Ensure integrity in the processes of financial bookkeeping, check writing, bank deposits, and banking activity such as investments and maintaining two, approval signature levels on ALL accounts.
2. Ensure the separation of duties where required.
3. Approve/authorize payment or disbursement of bills by the Treasurer. The process of Disbursement or prioritization of bill payment is often discussed between the Finance Chair and Treasurer as the result of insufficient funds.

4. Document all financial processes used and document all bank accounts providing the name of the bank, the type of account, the account number, and the names of the 2 persons listed as approval signatures.
5. Guide the work of the Treasurer, Counters and Financial Secretary.
Please note: Due to the nature of the Financial Secretary's duties the sharing of workload and responsibilities is absolutely prohibited by any Finance Team member.
6. Provide monthly Financial Reports to the Committee on Finance and/or the Church Council.
7. Build an annual budget.
8. Carry out instructions about allocations from the Church Council.
9. File IRS quarterly Form 941.
10. File annual Forms W2 and W3.
11. Preside at Finance Committee meetings.
12. Recommend changes to the budget after approval.
13. Ensure that the Pastor and Church Council are informed of the Church's financial status.
14. Assist in the preparation of Charge Conference Reports, presentation, delivery, and input into Gateway as the Gateway Church Administer (the BWC database system).
15. Assist in the preparation of all end of year conference statistical reports, especially Tables II & III. As the Gateway Administer submit statistical reports once completed/agreed upon.
16. Ensure that all banking statements are addressed to the Finance Chair (these are BWC guidelines)
17. Twice monthly (at a minimum), gather current bills due; approve/authorize bills for payment; along with Treasurer discuss bill payment prioritization; and submit to the Treasurer for processing.
18. Perform self audit of Treasure's General Ledger, Finance Secretary's Income Report, and monthly banking statements.
19. Annually update form of Employee Payroll Distribution indicating SPRC approved gross salary, net salary, FICA rate and Federal tax withheld if any. Unless otherwise directed this form will suffice for bi-monthly payroll stubs.

Agencies and Resources That Can Help Finance Teams:

BWC Comptroller, Pier McPayten. BWC office main number 800-492-2525 or direct number 410-309-3400.

InfoServ 800-251-8140, a toll free direct telephone service for United Methodists, providing current information about resources, programs, and staff services.

General Board of Discipleship, Congregational Leader Formation Team, PO Box 340003, Nashville, TN 37203-0003, phone #: 615-340-1760.

Guidelines for Leading Your Congregation: 2001-2004-Finance. Contact Cokesbury, phone #: 800-672-1789.

The Book of Discipline of the United Methodist Church-2016.

The Interpreter, a program magazine, includes guidance for your ministry group work area. Order from United Methodist Communications, phone #: 615-742-5449.

IRS Publication 15 and 15-T, Circular E, Employer's Tax Guide.

IRS Publication, Tax Guide for Churches and Religious Organizations.

SMNLUMC Treasurer Policies/Responsibilities

As treasurer of the church you have the unique responsibility of carrying out most of the financial decisions made by the Committee on Finance. Along with the normal duties expected of a treasurer in handling funds and keeping accurate records, the Discipline indicates that your responsibilities are to:

- Keep accurate and detailed records
- Disburse funds to the causes for which they have been contributed. If funds are given for benevolent causes they shall not be used to pay current expenses or other items in the budget. Funds received for non-budgeted purposes shall be expended only for the causes given.
- Make monthly remittances to the conference treasurer.
- Be certain reserve or escrow funds are not to be used for current expenses.

Managing Funds

The way you manage funds within your care will either build up or tear down the trust of those who give through the church. You symbolize the financial management system of the church. Careful record keeping and timely payment of special funds collected for specific purposes will encourage persons to trust the church by giving more. Work with the Committee on Finance to establish procedures for paying bills, which bills to pay in what order, and payment of special offerings.

Reporting

Regular reporting of all receipts and disbursements that flow through your books in an accurate and easily interpreted way is one of the most important responsibilities of the treasurer.

SMNLUMC Local Church Treasurer Duties and Responsibilities

1. Pay all church operating bills in a timely manner.
2. Pay all church commercial loans in a timely manner.
3. Pay all church insurances in a timely manner.
4. Issue payroll checks twice monthly.
5. Issue all conference indebtedness in a timely manner.
6. Issue checks in a timely manner for the remaining church indebtedness given the availability of funds.
7. Keep running checkbook balance of operating and building fund accounts.

8. Keep log of all checks written/payments made in the General Ledger.
9. Keep running balance of all SubAccounts—transferring and documenting monies to and from the General Ledger and the SubAccount.
10. Keep file of all vouchers and bills paid on a month to month base.
11. Purchase, on a reimbursable basis, stamps and envelopes. And, any other additional supplies that may be required to perform the treasurer duties.
12. The Treasurer is also responsible for keeping the Pastor's schedule of conferences (including annual conference) and educational events and plan along with the Finance Chair for sufficient budget to meet the Pastor's scheduled demands.

SMNLUMC Financial Secretary Policies/Responsibilities

The office of the financial secretary is one of the most important and sensitive of the offices in the church. The Charge Conference elected you to this position by nomination of the Committee on Nominations and Personnel. Your role is more than a keeper of the records. The information you gather is important to the contributor for personal and tax reasons. The summary or totals of giving information is important to the administration of the church for planning purposes. It is important to the pastoral staff as they minister each member and friend of the church. Individual tithing amounts remains private to the individual and is not divulged openly or reported to any committee. Summary of giving and giving trend reports may be requested by the Finance Team/Leader.

You cannot be the treasurer or related to the treasurer. The Finance Team Leader will appoint persons (Counters), not of the same household, to assist you, in counting and depositing funds. These persons cannot reside in the same household as you. All persons who handle funds in your church must be bonded.

Receiving Funds

As financial secretary, you will record all funds received by your church. Records of all deposits are to be submitted to the treasurer. A total of the funds that you record will correspond with the totals indicated in the

records of the treasurer. Check your records with those of the treasurer at least once a quarter.

Work with the Committee on Finance, or the audit committee, to develop policies and procedures for handling all funds.

Offering Envelopes

Offering envelopes have long since proved their value and are used by many congregations. They provide privacy to the contributor, a dated reminder to encourage regularity in giving, a basis for posting contributions to individual contributions.

Record Keeping

You will keep four kinds of records: (1) record of monies received and conveyed to the treasurer (Collection form); (2) record of all deposit receipts; (3) record of all funds received from individuals (Tithing Envelopes); and (4) three types monthly Receivables Reports.

A record of individual giving is sacred. Tithing amounts of individuals should not be revealed or discussed with anyone. Knowledge of or identifying individual giving is not necessary to perform the duties of Treasurer or Financial Team Leader.

APPENDIX:
Finance Committee's Typical, Overview of Policies & Schedule of
Events¹

First Quarter

1. Organize and set goals for the year
2. Finalize the budget for monthly income and expenditures
3. Evaluate the past year's process of raising and managing the church's finances. Make preliminary plans for the next campaign
4. Review current year's commitments (pledges). Project your cash flow for the year, month-by-month, from all sources of income.
5. Make plans for any month where expected income will be less than expected expenditures.
6. Set guidelines and policies for the spending of the budget and paying of bills.
7. Mail year-end statements to arrive no later than January 30.
8. True-up Treasurer and Financial Secretary records.
9. True-up envelope data entry.
10. Prepare and mail Fourth Quarter IRS Form 941
11. Prepare and mail last year's IRS Forms W-2 and W-3

Second Quarter

1. Evaluate the first quarter's receipt of income and budget expenditures. Determine what steps, if any, are needed to respond to the current cash-flow situation.
2. Discuss ways your church can increase giving.
3. Anticipate. Does your church usually have low income during the summer? What can you do to reduce the summer slump?
4. True-up Treasurer and Financial Secretary records.
5. True-up envelope data entry.
6. Prepare and mail First Quarter IRS Form 941.

¹ Reference: United Methodist Guidelines for Leading Your Congregation, Finance: 2001-2004. Copyright 2000 by Cokesbury. Written by Wayne C. Barrett and Donal W. Joiner. IRS Guidelines added by J. P. Mozee, Finance Chair of NMUMC

Third Quarter

1. Evaluate the second quarter's receipt of income and budget expenditures. What steps need to be taken?
2. Send out the first half year's statement of giving along with a letter to the congregation explaining the church's financial situation. Tell a story about the church's ministry along with the financial story.
3. True-up Treasurer and Financial Secretary book keeping records/data entries.
4. True-up envelope data entry.
5. Order envelopes from Cokesbury.
7. Begin the budget-building process for next year's budget.
8. Prepare and mail Second Quarter IRS Form 941.

Fourth Quarter

1. Evaluate third quarter's income and expenditures. What needs to be done to assure that all obligations will be paid by year-end?
2. Recruit an audit committee to audit all financial records of the church and make recommendations.
3. True-up Treasurer and Financial Secretary book keeping records/data entries.
4. True-up envelope data entry.
5. Prepare and mail Third Quarter IRS Form 941.