

## **Funny you should ask...**

*Newsletter from Parish & School Financial Consulting, Archdiocese of Milwaukee  
December 5, 2016 --- volume 5, issue 4*

*This newsletter is sent electronically to parish and school directors of administrative services, business managers and bookkeepers. If you have any suggestions for topics, please [let us know](#).*

[Click here](#) to view the *Funny you should ask...* page on our website.

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### **Revised I-9 Form**

A newly revised I-9 form (Employment Eligibility Verification) was released on Nov. 14, 2016 and it must replace the form currently in use by Jan. 22, 2017. Any new employees hired after Jan. 22, 2017 must be processed with the newly revised form. Under federal immigration law, employers must maintain a properly completed Form I-9 for all employees hired in the U.S. after Nov. 6, 1986. The new form may be downloaded here <https://www.uscis.gov/i-9> and old unused forms should be destroyed.

### **Fair Labor Standards Act on Hold**

In case you have not yet seen the news concerning the planned December 1<sup>st</sup> changes to the Fair Labor Standards Act (FLSA), on Tuesday, November 22, 2016, a Federal judge in Texas put a halt to their proceeding as planned. Any changes you were planning to implement with your employees may now be put on hold until a definitive ruling is forthcoming, which could take considerable time. [Click here](#) for more information about the November 22 ruling and what it means for you. If you have additional questions, please contact Rick Tank, Director of Priest & Lay Ecclesial Personnel and Placement, at 414-769-3458 or [tankr@archmil.org](mailto:tankr@archmil.org).

## **Clergy Compensation Data**

Clergy compensation data will be emailed/mailed to priests in the first calendar quarter of 2017. Please request a copy of the information from the priest(s) at your location. If you are unable to locate a copy, you may request one from Brian Ammerman (ammermanb@archmil.org).

## **A Raffle Conundrum**

Recently, an interesting question came to the Parish Financial Consulting Office. A parish had a raffle with a \$5,000 prize. The winner of the raffle was... two dogs. The parish knew who purchased the tickets, but the dogs' names were written on the actual winning ticket. How should the parish handle this?

According to the Wisconsin Department of Administration – Office for Charitable Gaming, a new winner must be drawn. The original winners (two dogs) cannot accept the prize. Even though the ticket purchaser was known, it was not the same name that appeared on the ticket. The Office for Gaming also suggested that parishes encourage ticket purchasers to write the name of an actual person on the ticket, since they have had similar questions in the past.

## **Property Tax Exemption for Rented Residential Space**

It is becoming more common for parishes to rent space in a rectory or convent which was formerly occupied by a pastor or member of a religious order or community. Be advised that doing so could jeopardize the property's tax exempt status and render the residence subject to municipal property taxes.

In general, it is presumed that rented residential real property is subject to taxation, *except if explicitly exempted*. And, any possible exemption will be strictly construed in favor of taxation and the burden of proving exception rests with the property owner seeking exemption.

Among the specific exceptions to taxation is if the residence is owned by a church and rented and used for housing for pastors and their ordained assistants, members of religious orders and communities, and ordained teachers.

In addition, the tax-exempt nature of the property should be retained if it is leased similar organizations for educational or benevolent purposes if all of the following occurs: (1) where all the income derived therefrom is used for the maintenance, construction debt retirement or both; and (2) if the lessee would be exempt from taxation under s. 70.11 if it owned the property; and (3) the lessee does not discriminate on the basis of race.

You should be aware of the narrow restrictions on the leasing of church residential property. Most certainly, leasing to an individual, family, business or other taxable entity would render the property subject to municipal property taxes.

## **Calendar Year-End Contributions, W-2, 1099 (new filing dates this year)**

### **Contributions**

With January 1<sup>st</sup> falling on a Sunday, you may be wondering how your parish should track parishioner contributions. Legally, your parish is required to post donations received or postmarked on or before December 31, 2016 as a 2016 donation. There is no donor "election" as to which calendar year the donation applies. In the case of a stock transfer, the donation date is the date the donor relinquishes control of the stock, not the date your organization receives it. Parishes are advised to count the Saturday December 31<sup>st</sup> mass collections separately from Sunday's collection. They should also be posted separately in your parishioner contribution system, according to the calendar year the funds were received.

### Form W-2

- Employers that want to report the amount of priest pension withheld from the priest's pay may enter this information in Box 14 of the W-2 or provide it on a separate form such as the priest's paystub. Do NOT enter priest pension amounts in Box 12 of the W-2. There is no code for section 401(a) pension amounts withheld. Do NOT code priest pension amounts as code "E." Code E is used for 403(b) amounts only (priest or lay person).
- All full time lay employees eligible for the lay pension plan and ALL priests must have the "Retirement Plan" box checked in Box 13 of the W-2. All employees who contribute to a 403(b) should have "Retirement Plan" checked in Box 13.
- A Christmas gift or bonus to an employee (person who receives a W-2) of a tangible item of de minimis value (less than \$100) is not included in that person's taxable wages (Box 1 of the W-2). Examples of tangible items are a turkey, gift basket, wine or coffee mug. All other gifts or bonuses of cash or cash equivalent (e.g., gift cards), regardless of amount, issued by the parish/school (including affiliated organizations such as Home and School) must be added to Boxes 1, 3 and 5 of the employee's W-2.
- Do NOT report some payments to employees on Form W-2 and some on Form 1099. ALL payments made from employer to employee must be on Form W-2.
- The due date to file W-2s (with W-3 transmittal) to Social Security is now January 31, 2017 whether you file using paper forms or electronically. This due date now coincides with the due date for furnishing W-2 statements to payees.

### Form W-2G

- Form W-2G is provided to any person winning a raffle amount if the amount exceeds \$600. In addition, 25% tax is withheld if the amount exceeds \$5,000. Do NOT issue raffle winnings on Form 1099. Consult the instructions for Form W-2G for additional detail. W-2Gs are transmitted to the Internal Revenue Service on Form 1096. Note that a 1096 for W-2Gs separate from 1099s being transmitted is required. The 1096 for W-2Gs are due to the Internal Revenue Service February 28, 2017.

### Form 1099

- Issue Form 1099 to any vendor that provides services of \$600 or more in a calendar year, unless the vendor is a corporation or tax exempt entity. A LLC is not necessarily a corporation. Request a Form W-9 to get the payee's tax identification number and confirm their federal tax classification. 1099s are transmitted to the IRS on Form 1096. Note that a 1096 separate from the W-2G transmittal is required. The due date for filing Form 1099-Misc (with Form 1096 transmittal) to the Internal Revenue Service has changed to January 31, 2017 for 1099 – Misc forms which include non-employee compensation in box 7. Form 1099-Misc forms which DO NOT include non-employee compensation in box 7, retain the former Internal Revenue Service filing deadline of February 28, 2017 (if filed by paper) and March 31, 2017 (if filed electronically).
- Don't forget that priest help out that exceeds \$600 in the calendar year requires a 1099. Also included are catechist and musician (if these individuals are not an employee) stipends that exceed \$600. Mileage reimbursements at or below the IRS maximum are not included on the 1099.

## IRS Mileage Rate for 2017

- The IRS has not yet announced a change in the mileage rate for business use of an automobile for 2017. We presume the rate from 2016 of \$0.54 per mile remains in effect. Business mileage may be reimbursed at that rate or less without inclusion on an employee's W-2.
- The IRS may make changes mid-year. We will send out a broadcast if that happens. You may also learn of a mid-year rate change in the general media.
- Also note that help out priests are always paid at the IRS maximum rate, even if your employer chooses a lesser amount.

## **St. Raphael Health Plan Premium Reduction**

On November 15, 2016 an email announcement went to all Benefit Administrators at participating St. Raphael Health Plan employers.

As a result of our plan members being good stewards of their health and health care and making wise choices in using the health plan, SRHP is able to offer two wonderful gifts to our members.

The first is a Full Premium Holiday for the month of January 2017! This means no January health insurance premiums will be charged to the employer and the employer should not withhold the January premiums from employees. To qualify for this Premium Holiday, your account must be in good standing with BAS as of January 1, 2017.

Second, current premium rates will be reduced by 10% beginning in January 2017. [*Both apply to the health plan only.*]

<u>Choice Plan</u>	<u>Current Rate</u>	<u>Jan.-June 2017 Rate</u>
Employee Only	778.20	700.50
Employee + Family	2,023.32	1,821.00
<u>Choice Plus (HSA)</u>		
Employee Only	681.43	613.50
Employee + Family	1,771.72	1,594.50

We thank you for your support and being "Together in Benefits" with the St. Raphael Health Plan!

If you have any questions please contact Mandi Bottomley at [bottomleym@archmil.org](mailto:bottomleym@archmil.org) or (414) 769-3423.

## **Winter Weather Precautions from Catholic Mutual**

Although we have enjoyed a mild fall, winter weather will soon arrive! Please keep the following in mind to minimize personal injuries of guests and staff and avoid damage to buildings.

1. Many slips and falls of both staff and guests occur in the evening and early morning. These injuries are tragic and frequently preventable! Please make sure that arrangements for snow removal and ice treatment include coverage for the early morning, evening and weekend practices, games, concerts, and of course, Mass! Let all staff and volunteers know where the shovels and salt are located in the event of an off-hours snow or ice emergency.

2. All unoccupied buildings with water/plumbing should be checked twice daily when temps dip into single digits. Heat should be temporarily adjusted to at least sixty degrees during these extreme cold temperatures.
3. Cabinets, closets or other enclosures can restrict the flow of heat to pipes & plumbing, **especially on outside walls or in entrance ways**. Leave closet and cabinet doors open and leave faucets dripping to increase warm air flow and reduce frozen pipes.
4. The temporary use of indoor space heaters and other non-fuel supplied heaters to maintain building heat during a boiler or furnace repair can mitigate the extent of potential damage to your pipes and plumbing. Be sure to remove combustibles and storage away from space heaters.
5. Have a plan in place in the event of a boiler or furnace malfunction. Make arrangements with your HVAC service provider to provide 24-hour response to your location.
6. In extreme cold weather, a door or window that is not shut all the way can cause frozen pipes, so check for doors and windows that do not close tightly and make repairs. There is a removable window caulk product that is available for indoor use to temporarily seal window drafts. Keep light bulbs turned on near pipes and plumbing fixtures. The small amount of heat emitted from the light bulb can help keep these pipes and fixtures from freezing.
7. If your location experiences a frozen pipe burst or other water loss – **turn off the main water supply and immediately contact your plumber or mechanical contractor**, then contact Catholic Mutual Group. If a water loss occurs, please contact Catholic Mutual at 262-255-6906, who will arrange for a contractor to remove water and dry the area.

## **BAAM Schedule**

BAAM meetings are held at Our Lady of Lourdes parish (3722 S. 58<sup>th</sup> St., Milwaukee).

### **2016-2017**

January 18, 2017

February 15, 2017 – Spring Workshop

March 15, 2017

April 5, 2017 – BAAM Retreat

May 17, 2017

## **Building Commission Schedule**

Building Commission attendance by appointment only; contact Linda King at 414-769-3340.

### **2017**

February 9

April 6

June 8

August 10

October 12

December 7

## **Catholic Mutual Connection**

[Click here](#) for the most recent Catholic Mutual Connection newsletter and other information from the Catholic Mutual website.

## The Quarter Ahead

### December 2016

- 1<sup>st</sup> – Second payment due on current year assessment
- 1<sup>st</sup> – Building Commission Meeting. Attendance by appointment only. Contact Linda King (414-769-3340)
- 15<sup>th</sup> – Distribute budget information to staff and committees with budget responsibility
- 31<sup>st</sup> – Quarter End

### January 2017

- 31<sup>st</sup> – Forms W-2 (Copies B, C and 2) and 1099 for previous calendar year must be mailed to recipients no later than today
- 31<sup>st</sup> – Forms W-2 (Copy A with Form W-3 Transmittal) must be mailed to Social Security Administration
- 31<sup>st</sup> – Forms 1099 – Misc (with Form 1096 Transmittal) for previous calendar year must be mailed to IRS when reporting nonemployee compensation in box 7
- 31<sup>st</sup> – Form 941 (Quarterly Payroll Reporting) due to IRS for quarter ended 12/31
- Begin budget review
- 18<sup>th</sup> – BAAM meeting
- Lay pension reports for Oct-Dec (4Q) mailed

### February 2017

- 9<sup>th</sup> – Building Commission meets Attendance by appointment only. Contact Linda King (414-769-3340)
- 15<sup>th</sup> – BAAM Spring Workshop
- 28<sup>th</sup> – Forms 1099 – Misc (with Form 1096 Transmittal) for previous calendar year must be mailed to IRS when NOT reporting nonemployee compensation in box 7
- Clergy compensation information sent to priests for next fiscal year
- Lay pension payment for 4Q calendar year due

### March 2017

- 1<sup>st</sup> – Third payment due on current year assessment
- 15<sup>th</sup> – BAAM meeting (Our Lady of Lourdes)
- 31<sup>st</sup> – Quarter End

## Excel Tip

Are you trying to see if a particular cell in a worksheet is part of a formula? Use the Trace Dependents feature in Excel to find out. First, click on the cell in question. Then, in the Formulas tab, select "Trace Dependents" and lines will appear to connect that cell to any other cells that depend on it. If no other cells depend on it, a pop up message will indicate that. Click on "Remove Arrows" to remove the arrows and lines. You can do the reverse in "Trace Precedents" to find the pieces of a formula. It works much like using F2 to edit a cell, except that the lines and arrows appear, allowing you to move around the worksheet without leaving the edit cell open. Click on "Remove Arrows" to remove the arrows and lines.

For more tips, try *ExcelTips*, a free, third party, email newsletter containing lots of tips on using Excel. To subscribe or just check it out, click this link: <http://www.tips.net/subservices.html>

Do you need an Excel tip or have one to share? [Let us know!](#)

## **Index of *Funny You Should Ask...* Articles**

The index is the first item on the [Funny page](#). It is a searchable Word document with links to take you to the appropriate issue. Just use CTL F (find) and type in your key word(s).

### **Contact Us**

*Mailing address:*

PO Box 070912

Milwaukee, WI 53207-0912

Brian Ammerman, Director  
Parish and School Financial Consulting

[ammermanb@archmil.org](mailto:ammermanb@archmil.org)

414-769-3336

Katie Esterle, Associate Director  
Parish and School Financial Consulting

[esterlek@archmil.org](mailto:esterlek@archmil.org)

414-769-3377

Gary Bennetts, Treasurer & CFO  
Office for Financial Services

[bennettsg@archmil.org](mailto:bennettsg@archmil.org)

414-769-3325

Kim Kasten  
Financial Services Support Coordinator

[kastenk@archmil.org](mailto:kastenk@archmil.org)

414-769-3326

Bridget Fischer  
Lay Pension & Life Insurance Coordinator

[fischerb@archmil.org](mailto:fischerb@archmil.org)

414-769-3317

Barb Kissh  
Priest Pension Billing

[kisshb@archmil.org](mailto:kisshb@archmil.org)

414-769-3318

Mandi Bottomley  
HR & Benefits Administrator

[bottomleym@archmil.org](mailto:bottomleym@archmil.org)

414-769-3423