ARCHDIOCESE OF BOSTON
PARISH SERVICES

CEMETERY BUDGET INFORMATION GUIDE FISCAL YEAR 2019

5/2018

Table of Contents

LAY COMPENSATION and BENEFIT COSTS
Section I

Lay Compensation and Group Benefit Costs

Lay Compensation

- Lay staff salaries should be based on planned performance review for budgetary purposes.
- The parish will make the determination of whether an individual providing services to the parish should be classified as an employee or as an independent contactor. This determination is based on specific criteria guidelines. For information to assist in determining whether an individual is an employee or independent contractor please consult the 2008 Advisory from the Attorney General's Office at: **www.mass.gov/ago/docs/workplace/independent-contractor-advisory.pdf**.

Social Security & Medicare

The employer is liable for Social Security & Medicare taxes as follows:

- Social Security: 6.2 % on gross salary up to $128,400 for period Jan 1, 2018 to Dec. 31, 2018.
- Medicare: 1.45% on gross salary for the period Jan 1, 2018 to Dec. 31, 2018.

Medical & Dental Insurance Costs

The guideline for employer share of the total health insurance premium is as follows:

	Parish/Cemetery	Employee
Individual	80%	20%
Family	50%	50%

The total annual cost for **budgetary** purposes only are provided below based on the above guideline. Each parish/cemetery needs to evaluate the relevant percentage of this cost that can be covered by the parish/ cemetery based on their individual budgetary constraints:

Total FY Cost	Medical Plan	Dental Plan
Family	$25,415 per employee	$1,331 per employee
Individual	$10,151 per employee	$582 per employee

This budget amount is based on the current monthly rates as of October 1, 2018 with a 8% increase estimated for medical and a 5% increase estimated for dental.

Dental coverage is paid in full by the employee and should not be included in the medical cost.

Lay Compensation and Group Benefit Costs

Medical Insurance for Temporary Employees

Pursuant to the Patient Protection and Affordable Care Act (PPACA), employees scheduled or reasonably expected to be compensated for 30+ hours per week must be offered medical insurance coverage no later than 90 days from date of hire. Therefore, when budgeting for employees who are considered "temporary," including substitute teachers or per diem employees, locations should include the cost of medical insurance (and dental insurance if paid for by the location) if these individuals will be compensated for 30+ hours per week for more than 90 days.

Group Life Insurance, Long-Term Disability, Transition Assistance Program, and Retirement Plan

An employee becomes eligible for coverage in the Group Life Insurance, Pension and LTD Plans after working one continuous year as a full time employee. To be considered a full time employee, the employee must work 1,000 hours or more in a year.

Group Life Insurance (0.464% or 0.000464 X Salary) based on eligibility

The life insurance benefit is 2 times annual salary for employees up to age 65; 1.6 times annual salary for employees age 65-70; 1.2 times annual salary for employees age 70+.

Long Term Disability ($0.24 per $100 of covered salary per month) based on eligibility

The salary used for calculating premiums for long term disability is the employee's annual salary .

Transition Assistance Program (TAP) (0.375% or 0.00375 X Salary) based on eligibility

The RCAB is not eligible to participate in the Massachusetts unemployment insurance program. The Transition Assistance Program (TAP) was instituted in the 1990's as a self-funded unemployment program that provides eligible employees with unemployment benefits comparable to state unemployment benefits. Premiums are charged to all parishes for the TAP program as a premium of .375% of covered salaries (or .00375 times salary).

Lay Compensation and Group Benefit Costs

401(k) Retirement Savings Plan (4.15% or 0.0415 X Salary) based on eligibility

All benefit-eligible lay employees of RCAB are automatically enrolled in the 401(k) Plan with a 3% pre-tax payroll deduction during the first pay period following 45 days after hire date. Employees may opt out of this automatic enrollment or may decide to defer more or less than 3% of pay.

All lay employees who meet the eligibility criteria below are entitled to a 401(k) Plan employer contribution from the parish of 4.15% of eligible wages (4.0% into the employee's account, and 0.15% to offset Plan expenses) effective January 1, 2016:

a) The employee has worked at least 12 months and

b) has worked 1000 hours during those 12 months of employment

c) has reached age 21

Effective January 1, 2016, the employer contribution formula changed to a dollar for dollar matching contribution on the first 3.0% contributed, plus a 50 cents on the dollar matching contribution on the next 2.0% contributed. Thus, a lay employee must contribute at least 5.0% of his own compensation to receive the full 4.0% employer contribution. All wages are considered 401(k) eligible effective January 1, 2016. Imputed income and non-taxable reimbursements are not considered eligible wages. Because all benefit-eligible lay employees are being encouraged to contribute this minimum amount, ***for budget purposes, an amount of 4.15% of payroll wages should be used for the 401(k) retirement plan.***

Also, for budget purposes, the parish/cemetery will need to include an amount for the prior frozen Defined Benefit Pension Plan as well. This Plan billing was communicated to parishes in December 2011 as a bulk amount, not tied to specific employee participation in the Pension Plan. This bulk amount that is currently billed on your monthly central billing statement should be used as the budget amount in the line item 5106 Pension Plan for FY 2019.

NOTE: The Retirement Plans are the only plans that have an age requirement. The Group Insurance and Long Term Disability Plans require only for the employee to work 1,000 hours or more per year.

INSURANCE COSTS

Section II

Insurance Costs

With the approach of the July renewals, we note that the insurance market is beginning to harden and we are seeing increases in the insurance and reinsurance markets. Once again, the relatively mild winter we had this year has enabled us to keep the impact of record breaking 2015 weather and property losses to a minimum in our renewal negotiations and we continue to see the impact of that year diminishing. Conversely, on a national and global level the property and casualty industry saw a level of catastrophe activity this year that was greater than in the last three years and following on the heals of an adverse financial year for the industry. This contributed to a 30% reduction in the industry's net income. Naturally, this result will drive the return to a harder market and increasing rates. With the April commercial property insurance renewal data beginning to come in, many mid to large level commercial insurance clients are seeing 20% to 30% increases in their property insurance rates.

We believe that our leverage and market diversity will serve to mitigate the effect of climbing property program rates as we enter negotiations. Please note that the minimal increases noted below are for budgeting purposes only and for the property program, also take into account the increases in the insured values of our buildings due to the increased cost of construction.

The liability marketplace continues to be relatively stable with the majority of adverse claim activity occurring in the employment practices liability area. During the 2016 year we did have two auto liability cases involving critical injuries that have resulted in seven figure litigation; those accidents will impact the auto renewals to some degree. The structure of our insurance program mitigates the negative impact on both of these lines of protection and is evident in the minimal increase in costs.

The exposure and loss activity in the Crime program is also an area that warrants our attention. While the number of theft and embezzlement investigations is slightly lower this year, it can be attributed to a great degree to the broader implementation of best practices by our parishes. Implementation of, and compliance with, the necessary internal controls, such as tamper proof bags for offertory, is a critical step in mitigating these losses and the adverse impact on premiums. The close examination of this process and claim activity by our insurers may result in a two-tier premium for theft of cash coverage; this would be in the form of a considerably higher premium, or deductible, applied to parishes that do not have the recommended internal controls in place. The higher premium for those locations not in compliance may potentially add as much as $750 to the parish's annual premium, or $1,000 in additional deductible. We will provide additional information as we continue our negotiations and the change becomes more defined.

I would like to bring to your attention the reduction in our worker's compensation premiums again this year. This is the direct result of continuing favorable loss experience (fewer and less severe injuries) in recent years. While the loss control and education programs that we implement are a contributing factor, your attention to and participation in them, are also major factors in our results. We will continue to strive to develop effective education programs and bring them to our parishes in our efforts to continue to bring safety to your staffs and financial benefits to your parishes.

Insurance Costs

We are just beginning the renewal process and negotiations, and must be cognizant of the fact that should our loss experience deteriorate in the interim, or if there is additional catastrophe activity around the globe, our negotiations and costs could be adversely affected. With those considerations in mind, the Office of Risk Management is recommending conservative planning in your budget preparations.

Estimated insurance cost ***adjustments*** for FY 2019:

Property insurance premiums –	15%	Crime –	7%
Boiler and machinery –	7%	Auto –	6%
General liability –	7%	Scheduled property program –	Flat
Workers comp. (reduction) –	-1.2%		

For further information please contact:

Joseph McEnness
Executive Director, Office of Risk Management
Phone: (617) 746-5740

Joseph_McEnness@rcab.org

Kent Wilkins, Claims Manager
Phone: (617) 746-5743

Kent_Wilkins@rcab.org

Joanmarie Considine, Operations Manager
Phone: (617) 746-5744
Joanmarie_Considine@rcab.org

David Huskins, Manager of Risk Analysis and Reporting
Phone: (617) 746-5742

David_Huskins@rcac.org

CAPITAL ACQUISITIONS & IMPROVEMENTS
Section III

Capital Acquisitions & Improvements

Capital Expenditures

All expenditures, subject to the following conditions should be recorded in the 7000 series in the chart of accounts. In general, any acquisition with a life expectancy greater than three years and a cost of $3,000 or more should be recorded to the 7000 account series. All projects should be assigned a unique identifying code which should be included in the QuickBooks memo for each payment.

Land and Land Improvements

Include all acquisitions of land and any pertinent purchase costs, regardless of the dollar amount in account number 7001. Include expenditures for parking areas, drainage, sewers, cabling, fences, and non-routine landscaping or shrubbery costs, if the costs are $3,000 or more in account 7001–Acquisition/Improvement–Site/ Land. If a project costs less than $3,000, and/or if the project relates to routine maintenance (cutting the grass, snowplowing, etc.) the costs should be recorded to account 6308- Maintenance Grounds.

Note: if individual capital improvements less than $3,000 are part of an overall project that costs more than $3,000, they should be recorded in account number 7001-Acquisitions and Improvements/Sites.

Buildings and Improvements

Include the purchase of all buildings and their acquisition costs, regardless of the dollar amount, in account number 7003. Include the acquisition of the structural shell and all other integral parts including heating equipment, plumbing, central air conditioning, elevators, etc. In addition to these costs, new construction or renovations should also include architectural and other professional fees, site preparation, legal fees and interest during construction, etc. in account 7003. Improvements that cost less than $3,000 per event or project should be recorded in building maintenance. Additionally, if improvements do not increase the useful life of the building, provide a betterment, adapt the property to a new use or are routine building maintenance the costs should be coded to 6309–Maintenance Buildings.

Note: if individual projects/invoices or improvements less than $3,000 are part of a larger project or action plan that costs more than $3,000, they should be charged to the appropriate account(s): 7003-Acquisitions and Improvements/Buildings.

All building alterations that enhance the estimated useful life of the building, should be recorded in 7003-Acquisition and Improvements/Buildings. Note: consider entire contracts and project expenditures when evaluating costs as capital expenditures.

Note that roof repairs should be closely reviewed to determine whether they truly add to the estimated useful life as originally estimated. Interior painting costs that are not part of a larger project, acquisition or addition should be coded to 6309– Maintenance Buildings.

Capital Acquisitions & Improvements

Furniture and Fixtures

Furniture and fixtures include: furniture, machinery and equipment such as computers, desks, smart boards, etc. These should be recorded in account 7002 - Furniture & Equipment if costs exceed $3,000 per item. Group purchases of furniture and fixtures that exceed $3,000, even if individual items do not meet the guidelines, should also be recorded in account number 7002.

For example, a school may purchase 10 or more computers at a time, a rectory may place air-conditioners in each of six rooms, and a bedroom set may be purchased. A combination of disparate items may also qualify as a capital acquisition as in the purchase of a computer, monitor, printer, desk and the necessary software if the total is equal to $3,000 or more and if these items are purchased as a group or in a relatively short time frame as part of the same project. When groups of items are purchased, the QuickBooks memo should clearly identify what purchases are part of that group or project.

Automobiles, Trucks, Plows, Tractors, etc.

All vehicle purchases should be recorded in account number 7004 - Acquisitions of Vehicles if the cost is $3,000 or more and the estimated useful life is three years or more. If an outside loan was obtained to purchase a vehicle, the total loan balance should be recorded as a credit to 2899 - Other Indebtedness with an offsetting debit against 7004. The deposit related to the loan should also be recorded against 7004.

Repairs

Repairs should only be recorded to the 7000 account series if they are considered an improvement to an existing asset that would extend the useful life greater than three years and the cost is $3,000 or more. Only repairs that materially increase the value of an item should be recorded to the 7000 account series. Repairs for normal wear and tear should not be recorded to the 7000 account series.. Repairs to physical plant, boilers, central air units, etc. should only be recorded to the 7000 account series if the repair extends the life of the asset a year or more **beyond the original expected** life or if the repair involves replacement of a major component. An example of a major component would be the engine in a car, not the battery or a starter.

Capital Campaigns

All fundraising expenses for Capital Campaigns should be coded to 6701– Fundraising Expense as incurred and never recorded to the 7000 account series. Capital Campaign revenue should never be entered in the 7000 accounts. Only direct project/building or acquisition costs relating to a Capital Campaign should be recorded to the 7000 account series..

For further information please contact Parish and School Accounting:

Benjamin Sweeney	Robert Beach
Finance Manger	Senior Accountant
(617) 746-5714	(617) 746-5723
Ben_Sweeney@rcab.org	Robert_Beach@rcab.org