According to the Code of Canon Law (Can. 1263), "after the diocesan bishop has heard the finance council and the Presbyteral council, he has the right to impose a moderate tax for the needs of the diocese upon public juridic persons subject to his governance; this tax is to be proportionate to their income." As a result, the following assessment for all parishes within the Diocese of Covington is in effect:

The current annual diocesan assessment for all parishes of the diocese is **7.75%** of the total assessable receipts less the exemptions listed below:

- The Northern Kentucky parishes, aligned with district high schools, are allowed to deduct the current secondary school fund assessment (5%) before computing the annual diocesan assessment.
- St. Patrick Parish, Maysville is allowed to deduct the funds that the parish allocates as a subsidy to the parish high school before computing the annual diocesan assessment.
- Parish/school endowment funds should not be assessed on the principal. However, the income from the endowment fund is assessed annually or as the income is made available for use.

USE OF PARISH ASSESSMENT FUNDS

Parish assessments in the Diocese of Covington are used for the following purposes:

- Curia operations 5.25%
  These funds support the Office of the Bishop and the various ministries and operations carried out by the Chancery, e.g. Archives of the Diocese, Catechesis & Formation, Finance, Pro-Life, Safe Environment, Stewardship & Missions, and the Tribunal
- *Messenger* operations 1.00%
  The *Messenger* is the diocesan newspaper that is delivered (free of charge) to all Catholic households in the Diocese. These funds help to reduce the subsidy that is required to support this publication.
- Priests' Retirement Fund 1.00%
  These funds are turned over to the Priests' Retirement Fund which exists to provide pensions to our retired clergy.
- Cathedral subsidy 0.50%
  These funds are turned over to the St. Mary's Cathedral Basilica to support its operations.

TOTAL **7.75%**

CALCULATING ASSESSMENTS DUE

Assessable receipts – For purposes of calculating the diocesan assessment, the parish will use ASSESSABLE RECEIPTS as follows and as shown on the Parish Annual Report and shall include the following items:

- Contributions
  - Regular offertory collections (including Holy Days)
  - Special parish campaigns (less than 30%)
  - Donations and gifts

- Auxiliary Activities
    - Net fund-raising events (gross revenue less direct expenses)
    - Net rental of parish property (gross rents less direct expenses)
    - Net other (gross revenue less direct expenses)
- School Revenue
    - Tuition
    - Donations
    - School endowment income
    - Other school revenue
- Other Revenue
    - Investment income
    - Bequests
    - Parish endowment income
    - Gain on sale of securities

Non-Assessable receipts – For purposes of calculating the diocesan assessment, the parish may exclude the following items from the calculation of assessable receipts:

- Special parish campaigns – To qualify as a special parish campaign (e.g., building fund) the campaign must meet **<u>all</u>** of the following requirements:
    - The goal of the campaign must be more than 30% of the previous years' annual assessable receipts of the parish; and
    - The campaign must have the <u>written</u> approval of the Bishop.
    - A copy of the Bishop's written approval must be included with the submission of the Parish Annual Report.
- Restricted Funds – Funds designated <u>by the donor</u> for a specific, extraordinary, and non-recurring expenditure of the parish. Parishes/pastors do not have the authority to restrict a donation; only the donor can do that. Please note the following with respect to restricted donations:
    - In order for a parish to do a special (or impromptu) collection of restricted funds, they must receive <u>written</u> approval from the Bishop before the collection is taken. A copy of the Bishop's approval must be included with the submission of the Parish Annual Report.
    - Normal and/or recurring expenditures (such as salaries, repairs/maintenance, utilities, office supplies, etc.) <u>cannot</u> be considered as restricted donations for purposes of assessment regardless of whether the donation was done via special collection or an unsolicited donation.
        - If the donor is willing to allow the donation to be restricted and assessable, the parish may accept the donation, but must classify it on the Parish Annual Report as assessable.
        - If the donor is insistent that the donation be restricted and non-assessable, the parish must refuse the donation.
    - The collection of a restricted donation does not remove the parish obligation to follow any and all diocesan policies related to the expenditure of the funds. For example, if the parish receives written permission from the Bishop to do a collection for the repair or replacement of stained glass windows, the parish is still obligated to follow the policies

and procedures contained in the Diocesan Project Planning Procedures Manual as well as all requirements of the Diocesan Worship Commission.

- Endowment Collections – Funds collected for, and deposited with, an approved Parish Endowment. As noted above, the income from the endowment fund is assessable when the funds are made available for use to the parish.
- School tuition – School tuition paid by 'non-Catholic' families is not assessable.
- School fees – Amounts received for book fees, rentals, registration, and retreat fees.
- Parish Cemetery Fees – Fees charged/collected to operate a parish cemetery.
- Mass Stipends – Mass stipends are never assessable.
- Interest – Interest earned on parish funds in the Diocesan Deposit and Loan Fund
- DPAA Rebates – The rebates that the parish receives from the Stewardship Office for exceeding the parish's DPAA goal.
- Sale of Real Estate – The sale of real estate requires the written approval of the Bishop.

PLEASE NOTE: While the above listings do not include every form of income a parish may receive, parishes are expected to not look for "loopholes", but to consider the intent of the policy and record income in the spirit of the policy.

PAYING OF ASSESSMENTS

Assessments are based on the income of the year just completed (June 30, 20X2) and *estimated* payments are due throughout that fiscal year on a quarterly basis. Parishes will be billed 100% of the previous years' assessment in quarterly installments on the following dates:

- Billed in September, 20X1 and due no later than September 30, 20X1
- Billed in December, 20X1 and due no later than December 31, 20X1
- Billed in March, 20X2 and due no later than March 31, 20X2
- Billed in June, 20X2 and due no later than June 30, 20X2

A 'settlement' will be made with the parish upon the filing of the Parish Annual Report. If additional funds are due, the parish is expected to send 100% of the shortfall with the report. If a parish has overpaid the assessment due, the Diocese will cut a check back to the parish immediately upon receipt of the Parish Annual Report.

Parishes that are 'consistently' late in paying their assessment billings are subject to having their past due assessments drawn from the parish's bank account with the payroll immediately following the due date. Alternatively, a consistently late paying parish is subject to having 1/16 of their annual assessment due drawn from the parish's bank account with every payroll over a period of 8 months (October to May). Consistently is defined as being late two consecutive quarters or twice in one fiscal year.