



## ***St. Benedict Catholic Church***

### ***Finance Council Minutes***

May 7, 2010

The Saint Benedict Catholic Church Finance Council met at the home of Jim Buswell at 7:00 PM on Friday, May 7<sup>th</sup>. In attendance were Joe Bauer, Jim Buswell, Larry Besch, Doug Burrer and our newest member of the Finance Council Jim Sebestyen. Special guest was Jeff Klimek, Chairman of the Building Steering Committee and Pastoral Council Member. Chris Pennington was absent attending to duties associated with his paid position. Marge Vaga has requested to attend on a limited basis and to focus instead on her duties as Parish Registrar. After an opening prayer by Jim Buswell, discussion on the final draft of the 2010-2011 budget began in earnest.

#### **Executive Summary:**

- The Parish revenues for the month of April were \$11,149.46 and the expenses equaled \$11,381.90 for a net loss of \$232.44. Our Checking Account balance at the end of April was \$4,761.45. Saint Benedict Parish currently has \$125,401.16 on deposit in CDs at Farmers State Bank and with the checking account balance we have cash reserves totaling \$130,162.61. Our Parish Methodology obligation for April 2010 was \$2,691.82. The Parish also has an additional \$2,090.00 designated for our Building Fund on deposit with Farmers State Bank. This money will either be re-invested in CDs or used to pay bills. Our Parish offertory for April 2010 was up 2.2% over the preceding year and totaled \$10553 - the second straight month over 10K. April offertory and other available revenue was about \$1200 short of covering all April operating and methodology expenses. This was about the same shortfall as last month and our operating funds in checking decreased to \$4761 as mentioned above. Year-to-date offertories totaled \$96,042 up 1% over the same period last year but 12% under budget projections.

#### **Old Business.**

- ***Fiscal Year 2010/2011 (FY 10/11) Budget:*** The majority of meeting was dedicated to the development of the Budget for Fiscal Year 2010/2011. Savings in the amount of 5.92% have been achieved in our future budget by incorporating reductions briefed at last month's Pastoral Council meeting. Those reductions were:

- ADMINISTRATIVE.
  - Elimination of ½ of the New Falcon Herald advertising expense was recommended achieving an annual savings of \$620
  - Elimination of funds for signs was recommended achieving an annual savings of \$300
  - Elimination of the funds for a phone directory was recommended for an annual savings of \$600

- FINANCE.
  - Elimination of the Parish Data System support contract was recommended achieving an annual savings of \$540
  - Elimination of ½ of the postage and shipping was recommended achieving an annual savings of \$120
- FACILITIES.
  - Elimination of the copier maintenance agreement was recommended achieving an annual savings of \$900
- OFFICE OF THE PARISH DIRECTOR.
  - Reduction of telephone and internet services was recommended achieving an annual savings of \$30/month or \$360
- CAPITAL CAMPAIGN.
  - Elimination of the entire Capital Campaign line in the budget for an annual savings of \$14,130
- OUTREACH.
  - It was suggested by our Outreach Ministry Head to consider elimination of the Easter Food Baskets for an annual savings of \$350; however, it was decided that this line item will be retained
- VISITING PRIESTS.
  - The cost of the Visiting Priest remains in the budget at the estimated rate of \$90.00 per visit for the FY 10/11 budget. This number breaks down into \$70 for the priest and \$20 for travel for a total of \$90.

**New Business.**

- **Methodology:** Our budget calculations project a deficit of \$26,148.00 for Fiscal Year 2010-2011. To mitigate this deficit, the Council reviewed the already accepted reductions listed in the Old Business paragraph. This however, did not ease our difficult financial situation. A major contributing factor to our current financial situation was caused by the Finance Council's acceptance of the Diocese's Methodology obligation in July 2009 when our financial outlook was much more positive and growth oriented. The Finance Council therefore recommends that we request relief from this obligation from the Diocese for a set period of time. Barring that, we must seek additional means to and explore options to erase the projected deficit noted in the first line of this paragraph. We cannot continue on our present course with flat offertory rates, no/slow growth in Parish registrations, and an ever widening negative difference between our revenues and our expenses. Our urgent need for a church (structure) and a CHURCH (prayerful collection of souls) has advanced beyond mere concept. Regrettably, we have accumulated insufficient funds to realize the dream of our Parishioners who are desperate for a church (structure). A recent personal meeting between the Deacon and the Finance Council chairman confirmed we will not be relieved of our Methodology obligation. We must therefore seek other

financial avenues to eliminate our budget deficit and accumulate funds to develop our property on Judge Orr Road.

- **Offertory:** Analysis of current offertory rates indicate our estimation of 10% growth for Fiscal Year (FY) 2010-2011 over FY 09-10 was overly optimistic. We have therefore revised our estimated growth downwards to include a meager 2% growth in FY 10-11. This is more realistic based upon current offertory rates.

- **Building Fund:** Our Building Fund (carried in our checking account balance) currently stands at \$2090.00. These are designated funds not restricted and we are dangerously close to using these designated funds to pay our monthly expenses. This as well as the reasons listed above is why we have concluded the only real option to preserving our funds for the purpose for which they were intended is to opt out of Methodology commencing on 1 July 2010. In addition, without the Methodology payments to contend with, we estimate we may be able to grow our building funds by approximately \$2000 each month and therefore resume increased investment in CDs with Farmers State Bank that are restricted for the use of building a dedicated worship space.

- **Checking Account:** Our immediate concern for the balance in our checking account was addressed at our monthly Finance Council meeting also. We must begin to grow our checking account balance and between the publication of these minutes and 1 July 2010, we will closely monitor that balance in order to ensure we do not overdraw our account. A discussion was tabled concerning carrying overdraft coverage with Farmers State Bank. We will look into this further, but it is not something we ever hope to require. We have a CD maturing this month and that led to a unanimous decision by the Finance Council to bolster our checking account should it appear we may venture into negative territory. Three options were agreed upon and in order of priority they are listed below:

1. Withdraw interest from maturing CDs and deposit same in checking. The CD principal would not be touched and would be reinvested. We are checking to ensure we are not violating Diocese rules on the use of Restricted Funds. The CD principal is indeed Restricted, but our interpretation is that interest is 'found' money and can be used by the Parish as needed. In this case, to replenish our checking account balance.
2. Withdraw \$7500.00 from a maturing Designated CD and restore the seed money taken for use in our Matthew 25 project but not returned to checking. At the time this decision was made, we had a significantly different and more positive financial outlook for our Parish. Times have changed and so have our projections. If our financial situation warrants, we will withdraw \$7500.00 from a maturing Designated CD and deposit this amount in our Parish checking account.
3. Early withdrawal of a CD was and is our last course of action. This option incurs a loss of interest for the quarter in which the CD is withdrawn. Not a preferred option and certainly not one we would consider adopting except in the direst of circumstances.

- **Building Steering Committee:** We were most fortunate to have Jeff Klimek attend our Finance Council meeting and lend his perspective on the building needs for our Parish. We shared with Jeff that approximately \$35,000.00 goes out the door each year to simply rent space

for our Parish (Patriot Learning Center and Parish House). This money would be much better spent on paying a mortgage. Jeff's committee is working on a step by step plan to obtain approval for our Parish to build on Judge Orr Road. The process and procedures Jeff's committee must follow are cumbersome, but in order to meet the structural needs of our Parishioners we must meet all the requirements set forth in the Diocese's Building Guidelines and most importantly do everything right the first time. Given our financial reality, we encouraged Jeff to seek alternatives to both building requirements and Diocese guidelines. We resolved to address the concept of obtaining a mortgage from Farmers State Bank for an amount not to exceed two million dollars (\$2,000,000.00). We intend to pursue the option of obtaining the Diocese's permission to mortgage the land on Judge Orr as collateral in order to secure the necessary funds to build. The land is purportedly worth \$2.2 million and we are checking this fact with the El Paso Recorders Office. Further, we agreed to fund Jeff's committee using Restricted Building funds in the hiring of an architect/engineer to develop a land use plan at such time that one is needed so that a coherent building plan can be prepared that is acceptable to both the County and the Diocese. Finally, we resolved to convene a lunch time meeting with Jeff Klimek, Mike Force, Deacon Lynn Sherman, Father Paul Wicker and members of the Finance Council that may be available to formally discuss the options highlighted above. We are concerned with both the growth of our CHURCH and our church, and our obligation to Methodology during these economically challenged times has placed a greater burden upon us than anticipated. We will take a more direct approach toward engaging the Diocese offices to both explain our plans and stress our needs in order to garner greater support from the Diocese and ultimately our Bishop for his growing Parish on the Plains. The luncheon mentioned above will be organized by the Finance Council chairman and coordinated through Father Wicker's office. His reading of these minutes will provide him with sufficient background to guide us along our chosen path.

- ***Charitable Giving:*** Our charitable giving and funding of our Ministries remains at levels similar to preceding budget years. We are united in our belief that our ministries and our charitable giving defines us as a Parish and we resolve to support those to the exclusion of all other financial obligations.

A closing prayer was offered at approximately 10 PM by Jim Buswell and the meeting was adjourned with the intent to meet on Friday, 4 June at 7:00 PM at the home of Joe Bauer.

*Saint Benedict, Pray For Us.*

*//original signed//*

Douglas A. Burrer  
Finance Council Chairman

ENCLs:

- Financial Report for April 2010
- Final Draft 2010/2011 Budget