



DIOCESE OF SANTA ROSA
CHANCERY OFFICE
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Diocesan Finance Council Highlights-Approved Thursday, May 11, 2017

Present were Bishop Robert Vasa, ten members of the Finance Council and four staff members. The Minutes of the March meeting were approved with a grammatical correction. The Highlights were approved with the same grammatical correction and two sentences concerning possible changes to appeal targets deleted.

1. **Comments of Bishop Vasa:** Bishop Vasa expressed his gratitude to the members for the energy and experience they bring to the Finance Council. The Diocese is making progress year after year in management of funds in finance, human resources and insurances. The Bishop has been working with Dan Galvin and Adrienne Moran on the new employee handbook, which he feels is 99.2% complete and ready to publish effective July 1. The new employee handbook dovetails well with the separate incorporation of the parishes, providing guidance for the parishes.

2. **Report of Diocesan Finance Officer:** Dave Adams reviewed Monthly Finance Officers Report which shows an increase of \$100,000. There are no large changes in the fund balances.
 Dave also reviewed the Accounts Receivable Summary, with a past due balance for insurance from a school. Bishop Vasa was pleased that of all the entities, only one school was struggling financially and had past due balances.
 Dave stated that Finance Council is required to review the financial information for all of the entities in the Diocese each year. He plans to have Catholic Charities present their June 30, 2016 financial information at the meeting in September.
 Dave then called the members attention to the School Financial Summary for the fiscal year ending June 30, 2016. He asked the members to review the summary and return in September with any questions or comments.
 The Annual Parish Report Summary for the fiscal year ending June 30, 2016, presented at the March meeting, was discussed.
 Dave is also working on an accounting manual to resolve problems by documenting the accounting processes. Dave said the draft needs proof reading, editing by Bishop Vasa and Monsignor Whelton, review by the Audit Committee and Linda Norman. It will then be published to the entities and training programs will begin for the Parish Finance Councils and bookkeepers, hopefully in October.

3. **Report of Legal Counsel:** Dan Galvin reported that the attorneys had been doing some work on the employee handbook. An employment related lawsuit was scheduled for trial, but a courtroom was not available and so this has been delayed until September 1. Approximately half of the parishes have been incorporated separately, but transferring the real property has not yet occurred. The Services Agreement between the Parishes and the Diocese has been finalized for use with the new corporations. Bishop Vasa and Dan have been working on finding the best way to transfer the properties. Father Alvin told the Bishop

that some of the Pastors are still confused as to how to initiate the separate incorporation of their parish. The Bishop said he would mention it again at the June Clergy meeting.

4. Committee Reports

- A. Budget and Cash Flow Committee:** Dan Prince reported that the committee had met and reviewed the budget as presented on the Budget for 2017-2018 summary page. It is the unanimous recommendation of the Budget Committee that the Budget be adopted. Dan also thanked Dave and Kim for their assistance in working with the Program Directors in the budget process. Dan reviewed the changes in the staffing and payroll/burden by department. Dan also mentioned that it is important to have reviews at the parishes and schools in order to receive appropriate funding from these locations. He also mentioned that the Stewardship is important to the overall financial health of the diocese. Bishop Vasa said that it is difficult to measure effectiveness and that many ministries are engaged in assisting the parishes. Also, some ministries, if not present, would be noted by their absence. Bishop then called attention to the Budget Summary specifically the additional subsidy of \$125,000 from retained Annual Ministry Appeal funds, which along with the years' Annual Appeal proceeds make up the \$1,005,000 in subsidy for the budget. **Dan presented the motion of the Budget Committee that the 2017-2018 Budget be adopted, and all approved.**
- B. Membership:** Father Shaw said there was no report. Bishop Vasa asked if anyone was terming out? He said that this information should be reviewed in advance of the May meeting each year.
- C. Communications:** In the absence of Chris Lyford, Dave Adams reported that the committee continues to meet on a monthly basis with a focus on increasing readership and quality of the North Coast Catholic Newspaper, website and social media presence and inter-parish communications. Chris has been working with Lynne Peter to update the diocesan directory, including an online and print version. The online version may be updated by the parish administrators and should be published July 1st.
- D. Investment:** Dave Adams reported that the committee is pleased with Hirtle Callaghan and reviewed the Chancery/Insurance fund report. The portfolio has performed at close to the benchmark. Dave also mentioned that he will be working with Dan Galvin to establish a separate Deposit and Loan Trust, with a guaranteed rate of return.
- E. Audit:** Deacon Frank Dahl reported that the Audit Committee was working with Dave on the internal control project. They had also obtained a bid from Boden, Klein and Sneesby for the diocesan audit in the same amount as last year. **The Audit Committee recommended that Boden Klein and Sneesby be engaged for the audit of fiscal year ending June 30, 2017 at the same rate as the previous year. All approved.**
- F. Property:** Dave Adams reported that the Fountaingrove Property is again in escrow.
- G. Building and Construction:** Bishop Vasa reported that he has an architect doing drawings of 547 B Street as a retirement home for priests of the Diocese. The Bishop would like a strategic plan for some specific campaigns over the next several years. He would like to have a single target campaign for three years for funding the Priests Retirement Home. And then, during the following three years, a capital campaign to establish a substantial endowment for future seminarians. And then, possibly after that, a

capital campaign for a robust Catholic School Endowment. Catholic schools are beneficial to the entire diocese. The Bishop plans to discuss these campaigns with the priests at the Clergy workshop in June. Dave Adams reported that the Building and Construction committee will meet next week.

H. Insurance and Human Resources: Bob Fish reported that the committee had met, and that the health insurance rate had increased 10%. Open enrollment begins May 15th. This year the employees will be paying a portion of their insurance costs as is common in other dioceses. Previously the Diocese had paid 100% of the employee-only portion of the insurance of the Basic and Kaiser plans, and this year the employees will pay \$25.00 per month. Employees in the Buy-up plan will pay \$75.00 per month. Employees will also be allowed to opt out of the insurance, after signing a waiver letter indicating that they have other insurance. Previously employees were not allowed to opt out, as we needed to keep the insurance pool as large as possible. Bob Fish reported that overall the employees were satisfied with the broader network coverage and the Kaiser availability.

I. Development: Deacon John Norris reported that as requested in the previous meeting an article was being drafted for the North Coast Catholic about the Capital Campaign and how the proceeds are used in order to spur awareness and decrease pledge cancellations. For the 2017 Annual Ministry Appeal, 22 parishes have met their pledge goals and 19 have not met their goals. Deacon Norris has sent emails to the pastors that have not met their pledge goals with a program to solicit past donors

5. Other Business: John Schultz mentioned that he had read about the legal requirements for employee management that come with the 501C3 status. The Bishop said that the Diocese needs to follow state and federal laws or we would be subject to many lawsuits. He also said that because we follow these laws, our insurance carrier stands behind us.

Tentative Dates for meetings were set and the meeting adjourned.