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## Diocesan Finance Council Highlights-Approved Thursday, September 10, 2015

**Present** were Bishop Robert Vasa, eight members of the Finance Council, two staff members and one guest. Following the opening prayer the agenda was approved as written.

1. The **Minutes** from the May meeting were approved with a grammatical/type error correction. The **Highlights** were approved as written.
  2. **Comments of Bishop Vasa:** The Bishop said he would like the Finance Council more engaged in moving the Diocese forward and to receive more advice and input from the Council. The Bishop reviewed the proposed corporate reorganization of the Diocese as outlined in the document titled: "Diocese of Santa Rosa, Diocesan Reorganization, Initial Considerations". In Canon Law the parish is the owner of the property and in Civil Law the Bishop is the owner of the property. The Bishop would like to make the civil structure of the Diocesan entities more similar to the Canonical structure. Accountability should be shifted to the local Parishes and Pastors should make more decisions and have a sense of ownership at the Parish level. There was much discussion of the handout.
  3. **Report of Diocesan Finance Officer:** Dave Adams reviewed the balances listed in the Finance Officer's Report, noting no significant changes. Dave also reviewed the Accounts Receivable Summary and said that payments were being made on most of the balances.
  4. **Report of Legal Counsel:** Dan Galvin reported that work was being done on wrongful termination claim. The attorneys are still working on the Star of the Valley bike path settlement. The attorneys are assisting an employee with a dispute with a large air ambulance service billing. There are also contract reviews for parishes and schools. No current abuse litigation.
5. **Committee Reports**
- A. **Budget and Cash Flow Committee:** Bishop Vasa requested that in the future the budget versus actual cash flow reports be emailed to council members prior to the meeting and then questions could be asked at the meeting. **Dan Prince** reported that the committee had met and reviewed the information presented. **Paul LeSage** asked about the June 30 budget vs actual cash flow reports. Dave replied that this information would be covered at the November meeting when the audited financial statements for the entire fiscal year would be presented.
  - B. **Membership:** No report.

- C. Communications:** Dave Adams announced that Brian O'Neel had moved back to Pennsylvania. Bishop Vasa requested that the North Coast Catholic continue as a monthly publication and Brian has agreed to assist Dave with this. George Ortiz said that the Communication meeting with Brian and some members of the Latino Community had gone well. He felt that the Bishop's attendance had added positively to the meeting.
- D. Investment:** In the absence of John Moynier, Dave Adams reported on the market value of the Diocesan Bond Portfolio as of September 8. Dave also announced that the **investment committee selection for the Diocesan Investment Advisor – Hirtle Callaghan - has been approved by an email vote of the Diocesan Finance Council. Twelve members voted in favor and two members did not vote.** Hirtle Callaghan will be meeting with the various investment committees of the Diocese and the Finance Council on October 13. A telephone conference will also be available. There was a question concerning Canonical requirements for approval or review of changes in investment policies. The Canonical requirement is for consultation with the Finance Council regarding the Investment Policy Statement for investing endowments.
- E. Audit:** Deacon Frank Dahl reported that the Audit Committee had in previous years analyzed financial reviews of parishes and schools. These reviews noted the same problems in parishes and little improvement. On September 2nd the Audit Committee met to discuss these problems. Frank said with the current staffing level, the move to the common payroll service, implementation of the lay defined contribution retirement plan and upcoming ACA reporting confirmed the finance staff does not have the capacity to perform parish financial reviews as frequently or in sufficient detail as required by Canon Law. To improve the quality and timeliness of ongoing entity reviews, the Audit Committee proposes that a pilot external review program be implemented in the current fiscal year (2015/2016). The program will be tested at five entities of varying sizes in Sonoma County. The Audit Committee will select one or more firms to perform the initial audits, with the cost to be shared between the Chancery and the entities chosen for the pilot program. Many dioceses are moving to an outsourced model for similar reasons. The intent, once the program has been tested, will be to make a second motion to the Finance Council with details on an ongoing external review program including expected costs, who will pay for costs, frequency of audits and follow-up process based on the size of the entity and the results from the audits. **The Audit Committee moves that a pilot program of external reviews be implemented for five entities in Sonoma County, with the costs shared between the entities and the Chancery. All approved.**
- F. Property:** Clem Carinalli reported that there had been further discussions with the neighbor of the Fountaingrove property and there is some progress towards a settlement.
- G. Building and Construction:** Dave Adams asked that the members of the Finance Council review the Diocese of Santa Rosa Construction and Maintenance Manual. **Clem Carinalli made the motion that the revised Diocese of Santa Rosa Construction and Maintenance Manual, (dated 6/29/2015) be approved, Paul LeSage seconded the motion. All approved.**

**H. Insurance and Human Resources:** In the absence of Bob Fish, Dave Adams reported that the Diocese is self-insured for Health Insurance. The goal over time was to grow a reserve, but this has not occurred. Bob Fish will report further at the November meeting and discuss the RETA Trust as a potential solution. The RETA Trust is a religious trust currently providing appropriate Catholic Health Insurance for the (Arch)Dioceses of San Francisco, San Jose and Oakland as well as other Religious entities. RETA has asked our plan administrator for claims history and we should receive a bid soon. Dave also mentioned that he would like to go into more depth concerning the finances reserves of Health Insurance, Property and Liability Insurances, Workers Compensation Insurances at future Finance Council meetings.

**I. Development:** Bishop Vasa reviewed the Annual Ministry Appeal handout. Dave Adams reviewed the Capital Campaign handouts. Paul LeSage would like to receive this information prior to the Finance Council meetings. Dave explained that some distributions are made quarterly and some semi-annually. The amount to be paid is calculated after the end of the period and so the information would be available for the November meeting, but not the January meeting.

**6. Other Business:** Bishop Vasa reported that Pope Francis had simplified the Tribunal policy and eliminated fees for annulments. Janet Hagen asked for an update on Seminarians. Bishop Vasa replied that we currently have seven Seminarians in school, two of which have progressed to Theology.

**7. Tentative dates for future meetings were set and the meeting adjourned.**