

Table of Contents

8. PARISH BUDGETING	1
GENERAL INFORMATION.....	1
SUGGESTED PARISH BUDGET PROCESS.....	1
FINAL BUDGET APPROVAL	1
BUDGET REVIEW AND COMPARISON	2
EXHIBIT A – BUDGETING GOALS	3

PARISH BUDGETING

GENERAL INFORMATION

All organizations or entities, whether they be individuals, households, corporations, or nonprofit organizations, must, to a greater or lesser degree, become involved in financial management, which begins with financial planning. The most important tool in the financial planning process is the budget. All parishes should operate within a budgetary framework, which includes initial planning for the preparation of the budget, actual preparation of a balanced budget, implementation of the approved balanced budget, and comparison of actual financial data to budget data.

One of the major purposes of the budget is to identify the financial resources needed to accomplish the parishes programs during the fiscal year (the diocesan fiscal year runs from July 1 through June 30). The budget should be based upon the goals and objectives of the parish as determined by the pastor and the Parish Council and should include the needs of the parishioners in the areas of liturgy, parish school, religious education, community concerns, family life, etc. It should be noted that diocesan policy prohibits approval of a deficit budget as this is contrary to good stewardship. A parish is a community of believers working together in responding to God's call. Because of unique perspectives on what that response should be, there may be differences of opinion about how the parish should act in various situations. These differences come to the fore when those actions require funding and are seen as competing in the budget process. Any differences must ultimately be resolved before a meaningful budget can be developed.

SUGGESTED PARISH BUDGET PROCESS

Exhibit A of this Section contains a very basic budget process which can be used as a guide to establish a meaningful dialogue between the Parish Pastoral Council (or its Administrative Commission) and the Finance Council that will culminate in a parish budget reflecting the needs of the parish community and funded within the financial abilities of its members. This budget process is presented for use as desired and parishes may use it or any other process that better suits their needs.

FINAL BUDGET APPROVAL

Because the pastor is the chief juridic officer of the parish according to canon law, the pastor is the final approval authority for the parish budget. The pastor may exercise that authority through the vote and consensus process of the Parish Pastoral Council, or he may choose to do so in a separate approval action after receiving a recommended budget from the Parish Pastoral Council.

There may be times when the pastor and the Parish Pastoral Council do not agree on a proposed parish budget, and the pastor feels he must veto the parish budget. This may occur because the Parish Pastoral Council has included items in the budget with which the pastor disagrees, or the Parish Pastoral Council has not included items which he believes should be in the budget. If the pastor feels he must in conscience veto the parish budget, he should resort to the normal appeal procedures. If the disagreement cannot be resolved locally, the matter should be referred to the Episcopal Vicar. If the matter cannot be solved at the Deanery level, it should be referred to the Bishop. Action on the budget is suspended until the disagreement is resolved.

BUDGET REVIEW AND COMPARISON

It does no good if a parish spends a great deal of time preparing a budget and then fails to use it. The budget must be continuously reviewed and adjusted if necessary. Monthly financial reports should be prepared comparing actual figures with budgeted figures and any differences should be reviewed with the person in charge of the program or function in question. A specific process should be established in the parish so that all who are involved are aware of what must be done in case of a need for additional funding (or a reduction in planned expenditures).

EXHIBIT A – BUDGETING GOALS

- A. The goal of the parish budget, both short term and long term, is to reduce to financial terms the mission statement of the parish. This requires the coordination and the cooperation of both the Parish Pastoral Council and the Finance Council.
- B. The mission statement of the parish is the responsibility of the Parish Pastoral Council (in conjunction with the pastor); therefore, initialization of the budget process should begin with that body.
- C. The fiscal management of the assets of the parish is the responsibility of the Finance Council; Therefore, it is up to that body to determine if sufficient assets are available to fund the initial budget prepared by the Parish Pastoral Council.
- D. Both councils should fully recognize that the budget process is two-fold:
 - 1. To build the budget for the next fiscal year, and
 - 2. To consider the short and long range plans of the parish community.
- E. Therefore, in order to establish, set, and carry out the goals of a parish community, both short and long range, it will be necessary for both the Parish Pastoral Council and the Finance Council to work in concert with each other. It should be clear their mutual tasks should not create an atmosphere other than that of harmony, each group carrying out its respective responsibilities.

THE ANNUAL BUDGET PROCESS

- A. Since the budget reflects the financial application of the parish mission statement, the Parish Pastoral Council would oversee what elements of expenditures go into the budget. Early in the budget process the Chairman of the Parish Pastoral Council, through whatever process is in place in the parish, should see that:
 - 1. Each ministry of the Parish Pastoral Council prepares and submits to the Parish Pastoral Council a budget for that commission for the forthcoming year. This budget request should
 - (a) outline the needs of the ministry,
 - (b) prioritize those needs, and
 - (c) fully document the costs and reasons for increases or decreases in the commission budget. The documentation should be complete so the Parish Pastoral Council can properly review and evaluate the request.
 - 2. As an adjunct to the budget process of the commissions, the Parish Pastoral Council should establish its own system of priorities for the coming fiscal year's programs and communicate this to the various commissions involved for direction in the commission deliberations.

3. The Parish Pastoral Council should have its own review of the budgets submitted by the commissions. It would be the objective of this review process to see that
 - (a) the guidelines of the Parish Pastoral Council have been followed,
 - (b) the requested budgets are within the guidelines,
 - (c) the requests of the various commissions are fully documented for final discussion by the full Parish Pastoral Council, and
 - (d) all questionable items in the commission budgets are resolved so that each commission budget receives a fair and complete hearing by the full Parish Pastoral Council.
 4. The Parish Pastoral Council should then, by whatever process is used in the parish, review and have general dialogue on the full budget of expenditures. This can be done by a special meeting of the Council which would make a presentation to the group, or it can be done with the group acting as a committee of the whole. This open dialogue will ensure that all Council members have the opportunity to provide input concerning
 - (a) the general mission of the parish financially,
 - (b) establishing priorities for the parish, and
 - (c) recommendations as to budget format before the budget goes to the finance council.
 5. Once the Parish Pastoral Council has decided upon budget expenditures, they are then given to the Finance Council for that group's consideration and input.
- B. The Finance Council, in its role of manager of the financial assets of the parish, will next consider the expenditure side of the budget in light of the revenues that are anticipated during the fiscal year. The Finance Council should make this consideration in connection with the overall needs of the parish relative to
1. The current fiscal year budget under consideration.
 2. The capital budget for the same fiscal year, if any.
 3. Long range budgeting plans that come to fruition during the budget year under consideration, if any.
- C. The parish Finance Council should then consider the following courses of action at the end of its dialogue:
1. If the anticipated revenues are equal to or exceed the budgeted expenditures, the budget is balanced and it can be approved and returned to the Parish Pastoral Council for its approval.
 2. If the budgeted expenditures exceed the anticipated revenues, then, of course, the budget is not in balance and cannot be approved. Since, as mentioned above, the budget represents the mission statement of the parish in financial terms, and

since the mission of the parish is the responsibility of the Parish Pastoral Council, the Finance Council should:

(a) Return the budget to the Parish Pastoral Council and have the necessary dialogue to explain why the funds will be unavailable to meet the needs of the budget as presented.

(b) Request that the Parish Pastoral Council either:

(1) Reduce the budgeted expenditures according to the priorities of the Parish Pastoral Council, or

(2) Present a plan to the Finance Council whereby additional revenues can be realistically generated by the Parish Pastoral Council to meet the needs of the parish budget.

D. Once the Parish Pastoral Council has determined how the budget is to be balanced, dialogue is needed between the two Councils so that all are in agreement concerning the balancing of the budget. When this has been done the Finance Council can approve the proposed budget and return it to the Parish Pastoral Council for its approval.