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## **Budgeting**

A budget is an educated estimate of the dollar amounts of parish income and expenses for the upcoming fiscal year. This budget or financial plan, is essential for the proper management of a parish's temporal goods. It prompts a parish to consider what it can and cannot achieve during the fiscal year. The budget should be a reflection of the parish goals and ministry priorities. This complements the long-term planning necessary to accomplish parish objectives.

In order to better estimate the income and expenses, all financial records and reports should be made available to the Finance Council at each meeting. The Finance Council should not rely entirely upon the verbal reports of the pastor, business manager, or bookkeeper, as the sole sources of financial information. Parish-affiliated organizations that contribute to the income of the parish, whether for the elementary school or other uses, should submit an income and expense budget to the Finance Council. If any assessments or other obligations are past due, a plan for their payment must be incorporated into the budget. Income should be budgeted conservatively and expenses should be budgeted realistically. Surplus funds on deposit can be considered in balancing the budget when the parish is facing a one-time or special operational expenditure or an extraordinary repair/capital expenditure.

If the parish has a school, the Finance Council should have a copy of the school's entire budget to determine the amount of parish subsidy needed and the amount of financial support that can be obtained from sources other than the offertory collection.

The Finance Council, having reviewed income projections and submitted budgets from the various departments and affiliated organizations, should develop a balanced budget without eliminating any programs. If this is not possible, the Council should develop alternatives that would bring the budget into balance. Such alternatives could include sacrificial giving, fund raising events, sharing staff between ministries or clustered parishes and re-evaluating the need for new equipment. In conjunction with the Pastoral Council, the budget should be brought into balance, keeping the parish goals and ministry priorities.

The fiscal year operating budget (July 1 to June 30) is to be prepared and recommended by the Parish Finance Council to the Pastor who has final approval authority. The finalized balanced budget should also be published for the parish at large. This may be communicated in summary format.



### **Cash Management**

An operating budget broken down by month can be a useful tool for cash management. Anticipating revenues and expenses on a monthly basis allows planned timing of expenditures to minimize cash flow problems.

The parish cash operating account should have a balance of a minimum of one month's expenditures. Cash in excess of three months should be invested to maximize investment income.

Commercial bank account balances should not exceed \$100,000 as any funds over this limit are not federally insured.