



ARCHDIOCESE
of MILWAUKEE

Faithful Finances: A Beginner's Guide to Budgets

December 2024

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Agenda

- 1) What is a Budget? What Methodologies are available?
- 2) Budget Owners
- 3) Setting a Budget Calendar
- 4) Reviewing Budgets
- 5) Budget Template - New for FY2025-26!
- 6) Upcoming Training

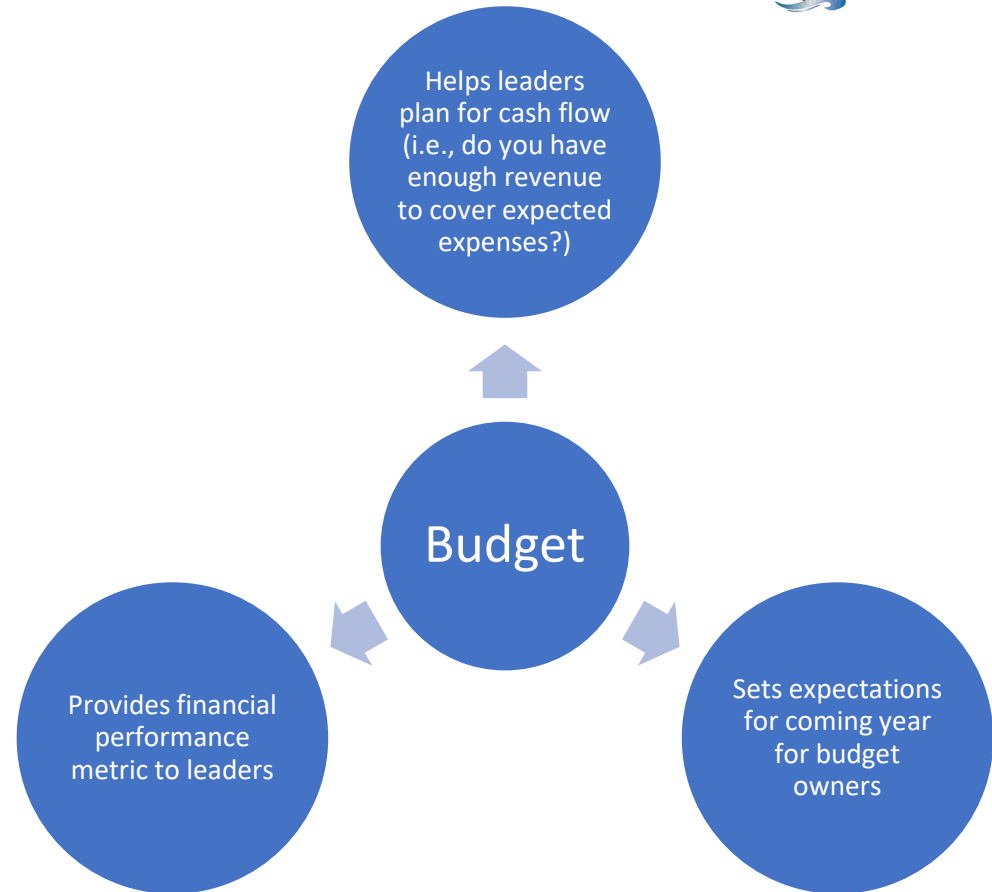


What is a Budget?

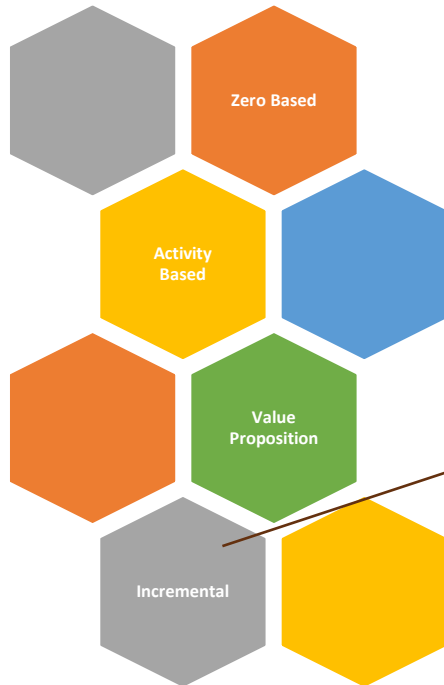
A statement of the financial position of an organization for a definite period of time (July 1st – June 30th) based on **estimates** of revenues and expenditures.

- a) Operations Budget
- b) Capital Budget

This presentation will focus on operations.



Budget Methodologies



Incremental Budgets
are most common at
parishes.



Parish & School Budgets: Owners

- 1) **Who** are the budget owners (i.e., who has accountability for a budgeted department)?
- 2) **What** do budget owners need to prepare for the budget?
- 3) **When** do budget owners have information prepared to input into the budget?
- 4) **How** does communication work between the DAS/Business Manager, Finance Council, and budget owners?

Who is involved?

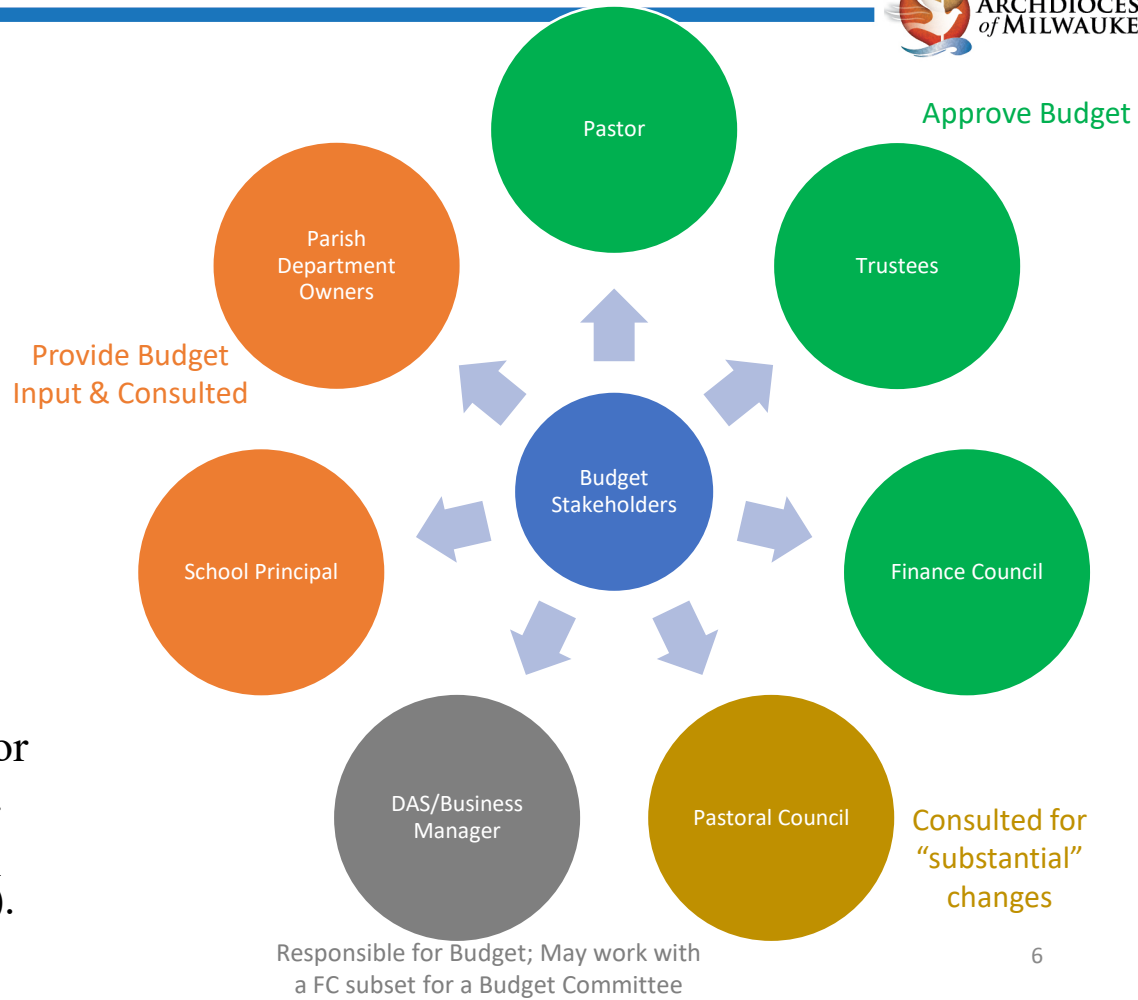
The finance council approves the budget recommendation.

The pastor is the final approving authority for a parish budget.

The final budget is signed off by:

- 1) Pastor
- 2) Trustee – Treasurer
- 3) Trustee – Secretary
- 4) Finance Council Chair

Any substantial changes in revenue or expenses should be discussed with pastoral council. It is not the role of pastoral council to review individual line items in the budget (PFMM 4.6).





Budget Calendar: Planning for Budget Season

When to start the budget process?

- 1) Parishes w/ Schools – December
- 2) Parishes w/out Schools – January





Budget Calendar

- 1) Setting Overall Schedule
- 2) Gathering Information from Budget Owners
- 3) Compiling Data
- 4) Comparing Proposed Budget to Current Year and Prior Year(s)
- 5) Final Review & Approval
- 6) Submission to Archdiocese



School Principal & Parish Finance Calendar - Sample

	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Monthly Review	X Review PY Results	X	X	X	X	X	X	X	X	X	X
Budget Planning & Review	Review budget for upcoming year.				Staff & Program Planning	Staff & Program Planning	Student Count Est. Tuition Rates	Draft School Budget	Review Combined Parish & School	Combined Parish & School Budget Finalized	Due June 1
School Choice Financial Requirements		Enrollment – 3 rd Friday	Audit Update Budget for Nov 1 for DPI	If findings, prepare remediation plan	Fiscal & Internal Control Review/ Remediation plan	Enrollment – 3 rd Friday					DPI Budget due June 30th
School Choice Payments		X Confirm amt rec'd is correct		X Confirm amt rec'd is correct			X Confirm amt rec'd is correct			X Confirm amt rec'd is correct	
Capital Planning		X						X			
Internal Control Review		X									

Finance Council Meeting Schedule Example

	Aug	Sept	Oct	Nov	Jan	Feb	Mar	Apr	May
Orientation	Select FC Chair Orient new members								
Standard Monthly Review	X Inc. Year End / CFS Review	X	X	X	X	X	X	X	X
School Choice Audit Review				X Audit	X Fiscal Controls				
Budget Planning & Review					Planning w/School	Planning w/out School		Review	Review
Planned Capital Needs & Funding		X					X		
Annual Internal Control Review			X						

Budgets due June 1

Notes:

- 1) In this example, there are no June or July meetings for a summer break.
- 2) There isn't a meeting in December due to Christmas celebrations.
- 3) Depending upon when Easter falls, the meeting may be canceled or scheduled on another week. Because budgets are due June 1st, finance councils will want to make sure they allow time to review budget iterations.
- 4) If there is a parish review conducted by the Archdiocese, the finance council should review the results and develop an action plan.



Budget Reviews

1) Internal

- a) Pastor, DAS, Principal
- b) Include other budget owners as applicable

2) Finance Council & Trustees

Ultimately, the Pastor, Trustees, and Finance Council Chair sign off on the budget.

Do you know what you are approving?

Best Practices:

Budget Review Process for Trustees & Finance Council Members

Budget Planning – February and March

- Expect presentations from pastor, school principal, & DAS with plans for coming year.
- Review staffing proposals.
- Review programming proposals.
- Determine if more research is needed in any particular area; set a date for a response communication on this research.

April Finance Council Meeting

- Meetings may be longer than usual
- Start by reviewing high level summary lines on income statement
- Move to detailed lines to review variances by dollar and percent compared to prior year and compared to current year annualized
- If needed, request more research and budget updates.
- If a school is involved, invite the principal to a portion of the meeting to cover the school's budget.

May Finance Council Meeting

- Review overall budget.
- Check variance percentages and dollar amounts in key summary rows, like E&O, tuition, total income, salaries, total expenses, net income.
- Confirm requested changes were made.

Best Practices: Budget Reviews

- Compare proposed budget to prior year(s) and current year annualized. Does it make sense?
- The budget package should include assumptions included in the budget.
 - Staffing plan
 - Student enrollment plan
 - Annual salary increase (*e.g., Was the salary information from AoM Human Resources utilized?*)
 - Changes to programs:
 - New programs being offered
 - Existing programs ending
 - Assumptions for inflation
 - Anticipated cash flow required for buildings & grounds
 - Is anything missing?
- Ask questions!

Best Practices: Budget Reviews

Getting Started

- 1) You don't have to be an expert on every line item
- 2) Start by looking at totals and subtotals. If something looks off, dig into the sub-categories:
 - a) Is the budget balanced (positive), or is it a deficit (negative)?
 - i. If a deficit, why?
 - b) Revenue
 - c) Expense

Best Practices: Budget Reviews

Revenue & Expense Overview

Revenue

- What are the assumptions around revenue (parish & school)? Are these assumptions realistic? If not, what is the risk to the parish/school?
- If E&O >3%, does the parish have a documented plan for achieving this goal? Is the parish working with AoM Stewardship? Who is responsible / accountable?

Expenses

- Salaries & Benefits: Do you understand changes in staffing? What are expected wage increases? Are there open positions?
- Program Fees: New programs? Reducing programs?
- Buildings & Grounds: Is there deferred maintenance that needs to be addressed (may connect with long term capital planning)?
- Utilities

Budget Reviews Practice

What would you ask about this budget for E&O?

	Prior Year	Current YTD thru Feb	Current YTD Annualized	FY Budget	\$ Var Budget vs. YTD	% Var Budget vs. YTD
Church Envelopes	178,678	121,128	181,692	200,000	18,308	10.1%
Offertory Contributions	36,145	25,930	38,895	45,000	6,105	15.7%

What about this one?

	Prior Year	Current YTD thru Feb	Current YTD Annualized	FY Budget	\$ Var Budget vs. YTD	% Var Budget vs. YTD	Comments
Church Envelopes	178,678	121,128	181,692	200,000	18,308	10.1%	Stewardship committee working with AoM; campaign kickoff in fall
Offertory Contributions	36,145	25,930	38,895	40,000	1,105	2.8%	

Budget Reviews Practice

What would you ask about this salary budget?

	Prior Year	Current YTD thru Feb	Current YTD Annualized	FY Budget	\$ Var Budget vs. YTD	% Var Budget vs. YTD
Salary – Lay	327,775	225,072	337,608	394,491	56,883	16.8%

What about this one?

	Prior Year	Current YTD thru Feb	Current YTD Annualized	FY Budget	\$ Var Budget vs. YTD	% Var Budget vs. YTD	Comments
Salary – Lay	327,775	225,072	337,608	394,491	56,883	16.8%	3% COLA; New 0.8 FTE position as Asst DRE @ \$40k; Maintenance Assistant moving from 0.8 to 1.0 FTE (\$7k)

Budget Review Practice

Consolidated Budget FY 2025-26

	<u>\$FY Ended June 30 2024</u>	<u>02 Feb 2025 \$ YTD</u>	<u>02 Feb 2025 Annualized YTD</u>	<u>FY 2025-26 Budget</u>	<u>\$ Δ from 02 Feb 2025 Annualized</u>	<u>% Δ from 02 Feb 2025 Annualize d</u>
<u>REVENUES</u>						
Total Contributions	658,327	462,467	693,701	695,171	1,471	0.2%
Total Tuition and Program Fees	23,075	14,875	22,313	22,313	1	0.0%
Total Rentals	2,902	2,108	3,162	3,162	-	0.0%
Total Other Revenue	49,328	36,661	54,992	54,992	1	0.0%
Total Fundraising Revenue	7,542	4,044	6,066	6,067	2	0.0%
TOTAL REVENUES:	741,174	520,155	780,233	781,705	1,475	0.2%
<u>EXPENSES</u>						
Total Salaries and Benefits	420,525	314,404	471,606	485,455	13,852	2.9%
Total Supplies and Purch Services	84,699	48,370	72,555	74,731	2,178	3.0%
Total Buildings & Grounds	213,090	123,443	185,165	194,977	9,815	5.3%
Total Other Expense	71,068	52,157	78,236	83,310	5,076	6.5%
TOTAL EXPENSES:	789,382	538,374	807,561	838,473	30,921	3.8%
NET OPERATING INCOME:	<u>\$(48,208)</u>	<u>\$(18,219)</u>	<u>\$(27,329)</u>	<u>\$(56,768)</u>	<u>\$(29,446)</u>	-7.7%
TOTAL OTHER RECEIPTS	-	-	-	-	-	0.0%
TOTAL OTHER DISBURSEMENTS	-	-	-	-	-	0.0%
NET INCOME	<u>\$(48,208)</u>	<u>\$(18,219)</u>	<u>\$(27,329)</u>	<u>\$(56,768)</u>	<u>\$(29,446)</u>	-7.7%
Net Unrealized Gains/ Losses	-	-	-	-	-	0.0%
NET (INCLUDING NON-CASH TRANSACTIONS)	<u>\$(48,208)</u>	<u>\$(18,219)</u>	<u>\$(27,329)</u>	<u>\$(56,768)</u>	<u>\$(29,446)</u>	-7.7%

Budget Review Practice

Line	Acct #	Account Name	\$FY Ended June 30 2024	02 Feb 2025 \$ YTD	02 Feb 2025 Annualized YTD	FY 2025-26 Budget	\$ Δ from 02 Feb 2025 Annualized	% Δ from 02 Feb 2025 Annualized
80		4400/4500 Building & Grounds						
81	4410	Telephone	3,163	2,254	3,381	3,482	101	3.0%
82	4420	Heat	14,247	11,587	17,381	17,902	522	3.0%
83	4430	Electric	90,790	45,897	68,846	70,911	2,066	3.0%
84	4440	Water and Sewer	3,695	1,975	2,963	3,051	89	3.0%
85	4450	Maintenance of Grounds	15,064	11,254	16,881	17,387	506	3.0%
86	4460	Repair & Maint of Buildings	10,471	3,698	5,547	5,713	166	3.0%
87	4470	Repair & Maint of Furn & Equip	31,848	14,875	22,313	22,982	670	3.0%
88	4480	Building Maintenance Supplies	6,389	4,587	6,881	7,087	207	3.0%
89	4510.1	PIPIT	22,562	23,658	35,487	40,810	5,323	15.0%
90	4510.2	Workers' Compensation	0	0	-	-	-	0.0%
91	4510	Property and Liability Insurance	32,562	23,658	35,487	40,810	5,323	15.0%
92	4520	Property Taxes	0	0	-	-	-	0.0%
93	4590	Other Building Expenses	4,861	3,658	5,487	5,652	165	3.0%
94		Total Buildings & Grounds	213,090	123,443	185,165	194,977	9,815	5.3%

Budget Template (Optional)

New for FY 2025-26 Budget!

An optional budget template will be available for use.

Benefits:

- a) Includes Archdiocesan chart of accounts and departments as used in the CFS, making it easier to compare actual year end performance to submitted budgets.
- b) Similar formatting makes it easier for pastors overseeing multiple parishes to review budgets and to rollup budgets for a “territory” view.
- c) Dollar & percent variances are calculated and lines requiring variance explanations will be highlighted
- d) For those parishes with schools participating in WI School Choice, additional prompts will allow for documenting compulsory budget items that are required for the Fiscal & Internal Controls Practices Report (FICPR).

Budget Template Training Sessions

Faithful Finances: A Practical Guide to using the Budget Template

90 minute sessions

- 1) Basic Budget (no class codes/depts other than Parish and School):
[Tuesday, January 21st, 10am](#)
- 2) Focus on parishes using class codes/depts:
[Wednesday, January 29th, 2pm](#)

If your parish falls into #2, whomever is preparing the budget (data entry) may want to attend both trainings.

Questions and Comments



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