

# Understanding the Responsibilities of the Parish and the Diocese

The paramount concerns of the Catholic Church are the spiritual well-being of its members and bringing the faith taught by Jesus Christ to the entire world. Of course, the Church must have financial resources to accomplish its mission, and it has a duty to manage these resources wisely. This can be a challenging task, as any business manager or head of the family household can attest. Economic conditions, the changing nature of the population, cultural attitudes and a host of other factors can affect the financial status of any institution, including the Church.

The financial structure of the Diocese of Scranton is directly connected with its governance which is established by the Code of Canon Law. The Code is a collection of rules that were approved in 1983 and are applicable for the universal Church. Many people may not be fully aware of how this structure operates, or they may have misconceptions about the finances of the Church. This brochure is intended to provide the faithful in the Diocese of Scranton with a better understanding of the financial operation of the Diocese.

## **While I belong to the Diocese of Scranton, I live my life as a Catholic in a parish. What is a parish?**

A parish is a definite community of Christian faithful established on a stable basis within a particular diocese; the pastoral care of the parish is entrusted to a pastor as its own shepherd under the authority of the diocesan Bishop.

## **What rights do members of a parish have?**

Membership in a parish begins with baptism. With membership come certain rights, namely, the right to the Word, sacraments, education, and pastoral care.

## **What obligations do members of a parish have?**

Members of a parish have the obligation to support education and programs for evangelization, worship and works of charity, the upkeep of parish buildings and grounds, just wages for parish employees and support of the clergy. The parish cannot exist without the financial support of its members.

## **What are the Bishop's rights and obligations regarding the material goods of a parish?**

According to the law of the Church, it is the responsibility of the Bishop to supervise carefully the administration of all the goods which belong to parishes which are subject to him. It is his responsibility to see to the organization of the entire administration of the parish's

goods by issuing instructions in accord with the laws of the Church.

## **Are all parishes mandated to have a finance council and, if so, what are the duties of the finance council?**

The Code of Canon Law requires all parishes to have an active finance council. The Code mandates that in each parish there is to be a finance council to help the pastor in the administration of the goods of the parish. The finance council is ruled by the universal law of the Church and by the norms laid down by the diocesan Bishop and is comprised of members of the faithful selected by the pastor according to these norms.

All parishes are obliged to comply with the Code of Canon Law and diocesan norms. Parishes within the Diocese must have a strong, active and functioning finance council. The members of the council are advisory to the pastor. They provide assistance in preparing the parish budget; they monitor the revenues and expenses of the parish. The council provides advice in the care of parish buildings and grounds. Members assist in preparing the financial reports presented to the entire parish community. They review all financial reports submitted to the Diocese and sign the reports indicating that they had the opportunity to review the report with the Pastor. Finance councils meet at least four times a year and members should have an understanding of fiscal matters.

## **How does the Diocese have the right to collect a monetary assessment from a parish?**

According to the Code of Canon Law, the Bishop has the right to impose a moderate tax on parishes subject to his authority. This tax, which should be proportionate to a parish's income, is for diocesan needs and may be imposed only after hearing the diocesan finance council and the priests' council. The Diocese of Scranton like all other dioceses throughout the United States relies on the generosity of parishioners for financial support for the complete array of services offered to parishes and diocesan institutions. In addition to the agencies and offices of the Diocese which receive financial support, donated monies are used for the education of seminarians, the care of aged and infirm clergy, diocesan obligations to the Church in this country and throughout the world and for needs of the poor.

Some dioceses assess parishes at a rate up to 25% of their total income. The rate of assessment for parishes within the Diocese of Scranton is 9.5%. This rate has not been altered since 2006. It is only because of the success of the Diocesan

Annual Appeal that the rate has been able to remain constant. The Diocese in itself generates very little income. It is dependent upon the parishes to provide the financial support required to continue the mission of the Church.

## **In addition to assessments my parish pays other bills to the Diocese. What are these extra costs?**

Among other operational costs borne by every parish there are the costs for clergy health insurance and pension, property liability and workers compensation insurance. Self-insurance programs have been established by the Diocese to keep insurance costs as minimal as possible. Bills paid to the Diocese by parishes are to meet these operational costs.

## **My parish pays money to a Catholic high school and grade school. How is Catholic education funded in the Diocese?**

There are 16 elementary and 4 high schools operating in the Diocese. The annual budget for these institutions totals approximately \$37 million. There are three major sources of income for the schools: tuition paid by parents, fund raising, and parish contributions or subsidies. Contributions from the parishes are approximately \$10.84 million. In addition, the Diocese provides more than \$2 million in school aid through the Diocesan Annual Appeal, the Educational Improvement Tax Credit program, and from grants and endowments.

## **For what are my Diocesan Annual Appeal contributions used?**

The Diocesan Annual Appeal contribution is an important means in funding the diocesan Administrative Offices' budget. It provides funding for Catholic schools, parish religious education programs, funds for diocesan offices serving parishes including The Catholic Light, and Catholic Television, Hispanic ministry, clergy education, and Catholic Social Services.

Without the Diocesan Annual Appeal the assessment rate to the parishes could not remain as low as it is currently. The Appeal is essential to the financial well-being of the Diocese.

## **Conclusion**

The faithful have an important role to play in the financial health of their Diocese. Without generous support for their parish and the Diocesan Annual Appeal, the Church could not accomplish the mission entrusted to it by Our Lord. Each of us has a solemn duty to be grateful stewards of God's many gifts, and to help carry out His work for the salvation of all.

# ANNUAL REPORT



## St. Andre Bessette Parish End of the Year Report for Fiscal Year July 1, 2015—June 30, 2016

# St. Andre Bessette Parish General Account Profit and Loss Statement with Previous Year Comparison

<b>INCOME</b>			
	PREVIOUS FISCAL YEAR July 1, 2014—June 30, 2015	FISCAL YEAR JULY 1, 2015 –JUNE 30, 2016	, % CHANGE BETWEEN 2015 AND 2016
Collections	342,422.58	<b>326,189.25</b>	-4.7 %
Religious Ed	94.00	<b>683.90</b>	+627.6 %
Fundraising/Development	29,102.60	<b>17,476.00</b>	-40%
Other Income	24,612.99	<b>20,802.87</b>	-15.5 %
Transfers from Fundraising Account	-0-	<b>12,997.25</b>	+100.0%
Transfers from Social Justice Fund	152.49	<b>-0-</b>	-100 %
Transfers from Diocesan Savings Account	2,550.63	<b>191,418.95</b>	+7,404.8 %
Transfers from Memorial Fund	6,775.77	<b>26,091.55</b>	+285 %
Diocesan Collections	25,227.93	<b>21,136.57</b>	-16.2 %
<b>TOTAL INCOME</b>	<b>430,938.99</b>	<b>616,796.34</b>	<b>+43.2 %</b>

Parish Income depends solely upon the goodwill of parishioners. We receive no subsidies from the Diocese or the Government to continue to run our parish. There is no “slush fund” we can go to when we need funding for parish projects. All monies recorded here as income are primarily from the Sunday Offerings and the Fundraising events of the parish.

We did not have a Toy Bingo in November of 2015, so we lost 12,000.00 in anticipated revenue

The Sunday Collection has gone down 4.7% from last year

Luckily, because of the sale of the parish buildings, we were able to draw funds from other sources to help meet our financial obligations. We will not have that luxury going forward.

# Parish Liabilities

<b>Monthly Diocesan Bills (July 1, 2016– June 30, 2017)</b>				
Title	2016-17 Assessment	Monthly Bill	Prior Balance	Balance Due
Assessment for Schools	59,435.00	4,952.92	134,171.24	193,606.24
Parish Assessment	34,572.00	2,881.00	170,717.07	205,289.07
Insurance	14,638.00	1,219.84	89,165.83	103,803.83
Clergy Pension	7,440.00	620.00	28,265.02	35,705.02
Clergy Medical (BC/BS)	15,232.00	1,269.34	41,363.48	56,595.48
Post Retirement Fund	5,200.00	433.34	433.29	5,633.29
Clergy Care and Wellness Fund	8,133.00	677.75	18,147.19	26,280.19
<b>BALANCE</b>	<b>144,650.00</b>	<b>12,054.19</b>	<b>482,263.12</b>	<b>626,913.12</b>

## Understanding Parish Liabilities

When St. Andre Bessette Parish was created in 2011, it inherited a debt that was well over a million dollars (\$1,000,000.00).

The debt was created through a series of loans that were taken out by Holy Saviour and Sacred Heart parishes, which were unpaid at the time of the consolidation of those parishes into St. Andre Bessette. In addition, that debt also reflected unpaid assessments to the Diocese and the Diocesan School System.

The finance council, along with the pastor, worked tirelessly to understand the sources of the debt and was able to convince the diocese to forgive a great portion of that debt (\$600,00.00).

Through the sale of parish buildings, our parish was able to further pay off the outstanding loans against Holy Saviour and Sacred Heart. This not only eliminated the loan, but also eliminated the mounting interest these loans continued to generate.

We were also able to pay off our diocesan assessment for 2015-16 and make significant contributions toward paying down the school debt, as well. Unfortunately, the sale of the properties did not generate as much revenue as was

hoped and so a significant amount of debt remained.

### Why are we not able to pay our monthly assessments?

If you look at the chart above you will see that our current assessments (2015-16) is 144,650.00 for the year. If you divide that by 12 months, our monthly assessment to the diocese is \$12,054.19 EACH MONTH.

Our average Weekend Collection is \$5,307.12.

If you divide 12,054.19 by 5,307.12 that comes out to 2.27.

In other words 2–3 collections each month would go to the diocese, leaving us to fund all other parish projects with 1 or 2 collections per month.

Each month, therefore, our prior balance increases by 12,054.19. After 12 months, another 144,000.00 has been added to the debt. Do this over the course of several years and you can see how easily the debt is compounded.

The parish finance council has taken a good look at this predicament and has offered a solution to the diocese. The diocese is looking at the solution provided



and is willing to work with us to help us pay off the debt over the course of the next few years. There will be more on this in the bulletin as we work with the diocese to resolve our debt problem.

In order to accomplish this, however, we will need the cooperation of all parishioners in supporting the work of the parish through the Sunday offering and the various fundraising efforts in which we will engage. In addition, we ask that you make use of the “DEBT REDUCTION” envelope in your packet each month. This money will be used to assist us in paying down the debt and making our parish more financially stable.

# Parish Assets

2015-16  
End of the Year  
Parish Checking Account Balances  
June 30, 2016

Operating Account	19,179.43
Stipend Account	4,200.75
Social Justice Account	10,352.77
Fundraising Account	2,948.84
Memorial Fund	20,143.49
<b>TOTAL PARISH CHECKING ACCOUNTS</b>	<b>56,825.28</b>

Parish Cemetery Checking Account Balances  
June 30, 2016

Sacred Heart Cemetery	34,182.28
St. Stanislaus Cemetery	9,181.73
<b>TOTAL CEMETERY CHECKING ACCOUNTS</b>	<b>43,364.01</b>

Savings deposited in Diocesan Bank	201,941.89
Sacred Heart Cemetery Savings Account	120,903.32
<b>TOTAL SAVINGS ACCOUNT BALANCES</b>	<b>322,845.21</b>

**Total Assets (Savings & Checking) 423,034.50**

## St. Andre Bessette Parish General Account Profit and Loss Statement with Previous Year Comparison

<b>EXPENSES</b>			
	PREVIOUS FISCAL YEAR July 1, 2014—June 30, 2015	FISCAL YEAR JULY 1, 2015 –JUNE 30, 2016	, % CHANGE BETWEEN 2015 AND 2016
Administration	155,234.23	<b>173,752.55</b>	+89.0 %
Diocesan Assessment	13,716.26	<b>39,028.42</b>	+184.5 %
Clergy Residence	11,650.53	<b>5,905.73</b>	-48.3 %
Liturgy	29,884.22	<b>48,971.20</b>	+64 %
Religious Education	14,249.12	<b>11,113.95</b>	-22 %
Social Justice	11,740.42	<b>7,885.31</b>	-32.8 %
Operation & Maintenance	127,579.65	<b>116,055.48</b>	-9.2 %
Insurance	25,500.50	<b>43,344.98</b>	+70 %
Property Taxes	8,300.99	<b>1,764.08</b>	-78.8 %
Other Expenses	1,006.70	<b>1,063.94</b>	+5.7 %
Debt Service	11,312.72	<b>52,177.09</b>	+361.2
Capital Outlays	2,679.00	<b>20,000.00</b>	+646.6 %
Diocesan School Subsidy	17,873.89	<b>56,744.46</b>	+217.5 %
Diocesan Collections	23,753.73	<b>24,229.02</b>	+2 %
Other Expenses	3,085.19	<b>-0-</b>	-100 %
<b>TOTAL EXPENSES</b>	457,567.15	<b>602,036.21</b>	+31.5 %
<b>RECAPITULATION</b>			
TOTAL INCOME	430,938.99	<b>616,796.34</b>	+43.2 %
- TOTAL EXPENSES	-457,567.15	<b>-602,036.21</b>	+31.5 %
<b>PROFIT or (LOSS)</b>	(26,628.18)	<b>14,760.13</b>	+155.9%



## Understanding the Parish Income/Expense Account

The parish income/expense account is generated through the parish Operating account. It is a thumbnail sketch of Income and Spending over a given period of time. For our purposes here, that period of time is the FISCAL YEAR.

The Fiscal year is a twelve month period in which income and expenses are recorded. The fiscal year can run concurrent with the calendar year (January—December). In most instances, however, the fiscal year runs from July 1 of one calendar year to June 30 of the next calendar year.

For the most part, parish income is reported as it comes in, that is, weekly.

Our biggest source of income is the Sunday Offering. Our parish depends on the generosity of our parishioners to continue to operate. Without your contributions, there would be no parish.

In comparing the past 2 fiscal years, it can be seen that the Sunday offering has suffered a 4 % loss. If the parish is to remain financially viable, parishioners have to fill in the gap. There is no federal funding for religion. The parish relies solely on you.

The second biggest source of

income is Fundraising and Development. Our fundraising efforts are meant to offset any deficit in our offertory. Fundraising also seeks to gather funds from outside the parish through raffles, bingos, dances, etc. Parishioners are asked to support the fundraising efforts of the parish.

During the fiscal year that has just passed (July 1, 2015—June 30, 2016), another source of income for our parish was the sale of shuttered parish properties. Most of the proceeds from these sales went into our parish savings, which are held at the Diocese.

Another source of income was the sale of religious articles from the shuttered churches. What we could not use or did not need from these churches was sold to those who could use them. Proceeds from these sales were deposited into our parish memorial fund and were used to fund necessary renovations in the parish.

Monies from parish savings were withdrawn and used to pay off some of the parish debt. We were able to pay off two loans as well as pay down some of the diocesan assessments. This gave us a better financial footing, though there was not enough income to wipe the entire debt out completely.

Increases in expenses for administration were due primarily to payments made toward the various accounts for which the Diocese “taxes” us. In addition to the Annual Assessment, there are assessments for the Pension fund, the Care and Wellness of

the clergy fund, the clergy Blue Cross and Blue Shield, and a post retirement fund. This year we were able to pay a considerable amount toward these accounts, due to the sale of the parish properties.

Similarly, we were able to pay more toward the Insurance and School subsidy than in the past due to the sale of properties.

The debt service dealt with a loan that had been carried by Holy Saviour for years. We were able to consolidate two loans into one and extinguish the loans through the sale of the Holy Saviour properties. Similarly there was a significant loan on the Sacred Heart properties which was extinguished by the sale of those properties. Payment of the Sacred Heart loan was handled internally by the diocese.

The Recapitulation shows that in the fiscal year 2014-15 we spent \$26,628.18 more than we took in. In 2015-16, however, we had a profit of 14,760.13, even though our expenses in that fiscal period were 155 % greater than the prior year.

Again, most of the increases to income as well as spending are due to the sale of properties and the payment of past and current debts to the diocese.

If our parish is to remain financially viable, each parishioner needs to consider honestly what they can give according to what they have received. Without your generosity, our parish would not be able to exist. It could not thrive.

## Other Parish Accounts Activity

Parish “Other Fund” Checking Accounts				
Account	Opening Balance July 1, 2015	Income	Expenditures	EOY Balance June 30, 2016
Fundraising Account	6,893.72	47,741.75	-51,686.63	2,948.84
Memorial Account	6,346.57	85,691.44	-71,894.52	20,143.49
Social Justice Account	9,915.50	13,486.58	-13,049.31	10,352.77
Stipend Account	6,175.75	8,405.33	-10,350.33	4,230.75
Sacred Heart Cemetery	42,384.92	25,536.00	-33,738.64	34,182.28
St. Stanislaus Cemetery	8,497.98	4,923.75	-4,240.00	9,181.73
<b>TOTAL OTHER ACCOUNTS</b>	<b>80,214.44</b>	<b>185,784.85</b>	<b>-184,959.43</b>	<b>81,039.86</b>
Parish Savings Accounts				
Parish Saving Account	244,778.78	187,935.21	-230,772.10	201,941.89
Sacred Heart Cemetery Saving Account	120,000.80	902.52	-0-	120,903.32
<b>TOTAL SAVINGS ACCOUNTS</b>	<b>364,779.58</b>	<b>188,837.73</b>	<b>-230,772.10</b>	<b>322,845.21</b>

## Understanding “Other Fund” Accounts

Fund Raising Account is used during Fund Raising Activities. Monies collected for the Activity are deposited in this account and Expenses for the fund raiser are paid out of this account. When all accounts have been settled, the proceeds in the Fund Raising Account are either deposit in the General Account to pay significant bills or are deposited in parish Savings for future use.

Memorial Account collects monies bequeathed to the parish as well as monies from the sale of items from the churches and rectories. Monies from this account are used to fund renovation projects around the parish . Social Justice Account is used by the Social Justice council to fund its charitable activities. Income to this account comes from the quarterly collection, the fish dinner and individual donations.

Stipend Account holds monies donated for Masses. The Stipends to the priests are paid from this Account once the Mass has been satisfied.

Sacred Heart Cemetery Account is the Checking Account for the

Sacred Heart Cemetery. Funds for this account come primarily from the monthly envelope and donations or bequests. Monies are used from this account for the upkeep of the cemetery.

St. Stanislaus Cemetery Account, similarly, receives income from the monthly envelopes, donations and bequests. Payment for the upkeep and maintenance of the cemetery flows from this account.

The Parish Savings Account is held by the Diocese. Income for this account comes from donations and fundraising. It is used for major repairs, maintenance or parish purchases.

The Sacred Heart Cemetery Savings Account receives income from bequests or donations. Funds from this account can only be used for the Sacred Heart Cemetery. This Account functions as a perpetual care fund. A perpetual care fund is held in trust for the cemetery and is used in the event that the controlling agency (ie. the Parish) is closed and someone else has to take char