Members Present: Tom Altenbach (Chairman), Joe Price (Vice-Chairman), Olga Avila, Maribel Castillo, Ralph Obenberger, Fr. Jorge Roman (President ex Officio)

Others Present: Helen Shepherd (Business Administrator), Kathy Cage (Parish Hall Project Manager)

Quorum
The meeting was called to order at 6:06 PM. The entire Finance Council was present for the first time in recent memory. Congratulations to Ralph Obenberger, who has been officially been appointed as a Member of the Council. Also, Antonia Garcia is no longer a Member.

Old Business
• Meeting Minutes
  The Meeting Minutes from March 13, 2018, were approved without comment.

• Over-Budget Equipment Expense
  There was a lengthy discussion pertaining to an item appearing on the March Disbursement Report for a payment of $2036.87 made on March 24, 2018, to Efren Calixto that was categorized as a Music Expense. The required documentation was not provided, such as an invoice showing what was ordered, when and where the order was delivered, and who paid for it, as well as the purpose of the purchase and justification for need. Furthermore this purchase was more than $1000 over the entire music budget for FY18. The Finance Council was not consulted before the purchase, only finding out about it when the Disbursement Report was issued.

In the discussion, Fr. Jorge and Maribel, a choir member, confirmed that the order was for two 12” 2000-Watt loudspeakers, a Behringer sound mixer, and 100 feet of microphone cable as shown on Amazon order forms, under the name of Fernando Villalpando. Fr. Jorge stated that the equipment resides in the St. Joseph Church Sacristy and is being used by the Spanish Choir. No reason was given to justify the need for the use of this equipment in the church. The existing high-end sound system in the church is used every weekend for Masses with no complaints of inadequacy except for one handheld microphone with a temperamental switch. This same sound system is also used for occasional
concerts by the Eastern Sierra Symphony and Choir, and the Felici Trio of professional musicians and their guests. It is clear the intended purpose of this purchase is for Spanish Choir performances that are not held in the church, such as quinceanera parties and other events.

After this discussion, an unexpected cadre of various members of the Spanish Choir entered the Rectory and joined the meeting. They were not individually introduced. Their representative then presented the Finance Council with a stack of cash totaling $1000, as a donation to mostly offset the budget overage for the equipment purchase. They said the money was raised from tips the Choir receives when performing at various events, and they usually use this money for equipment purchases. The Council thanked them and they left.

It was once again emphasized by the Council to everyone present that all reimbursements for Parish expenses must be accompanied by the proper documentation before that reimbursement is issued. The bookkeeper has been instructed not to issue checks without the documentation.

New Business

- **Financial Statements**
  The Council reviewed two versions of the FY18 Financial Statement from July 1, 2017, through May 31, 2018. One version compares the FY18 financial activity with the budget; the second compares the FY18 financial activity with that from the previous fiscal year. The net operating revenue was -$26,660. This is about $29,000 worse than the FY18 budget, and about $26,000 behind last year at this time. The drivers for this include a $22,800 deficit to the budget in offertory revenues, and repairs that have exceeded the budget by $5,800.

A review of the offertory revenues by month reveals a large deficit to budget in December that accounts for most of the decline. The other months vary normally, with four months slightly better than budget, and the others worse.

- **BMA**
  Donations to the Bishop’s Ministry Appeal as of June 21, 2018, total $14,706, or 63% of the assigned goal of $23,245. The BMA report provided by the Diocese and used in the March meeting contained gross errors. This new report, considered to be accurate, shows a much more pessimistic outlook for the Parish. Helen stated we have the lowest contribution percentage toward goal of all parishes in the Diocese at this time.
• **Weekly Offertory Collection Envelopes**
  In an effort to save money on the distribution of envelopes, Helen is pruning the list of parishioners who receive the envelopes but are not using them. In addition, an announcement was made in the Bulletin for those who receive envelopes, but would rather not, to contact the Parish to be removed from the list. Also those who would like to receive envelopes, but are not on the list, should register on the Parish website to be put on the list. The announcement also appears on the Parish website.

• **FY 2019 Budget**
  A proposed budget for FY19 was presented to the Council. It was prepared by the Budget Committee consisting of Helen, Tom, and Joe, and was reviewed by Fr. Jorge. A key optimistic assumption in this budget is that offertory revenues will increase by 15% during FY19 compared to FY18. That assumption is based on the Parish successfully adopting the offertory increase program that is being promoted by the Diocese. The program will begin in October, and was very successful when implemented in 2005 by many other parishes in the Diocese. Our success depends on getting the right people trained, executing the program in our Parish, and hoping the program itself can be effective for our unique Parish of mostly visitors. The initial training session is being held in Stockton this week, and we do not have anyone represented there. It is hoped that we can find a way to come up to speed on the program at a later date.

  The impact of not using the 15% increase assumption would require severe reductions and/or elimination in most discretionary expenses, ministries, and facility maintenance items in order to present a balanced budget.

  The proposed budget was approved by a vote of 4 in favor, 1 opposed. It will be posted on the Website. The dissenting member objected to the 15% increase assumption, saying it was unrealistic given our multi-year trend of declining offertory revenues.

• **Reserve Study**
  Helen briefly described a reserve study she is working on. It uses an analytical approach to estimate the amount of money the Parish needs to put aside annually in order to fully maintain our facilities. This is a major update to a previous study that concluded we needed about $30,000 per year for facility reserves. As our facilities are aging, and this year we will be adding the new
Parish Hall, this study is especially needed. Results are hoped to be available toward the end of summer.

- **Parish Hall Project Financial Status**

  Kathy Cage discussed the status of the project finances. There is a continually growing list of change orders that have increased costs by $65,634 to date. The estimated Non-GC costs to complete the project have increased from $147,483 initially to $180,000 currently. This does not include the cost for required landscaping, which has not been estimated. These increases are approximately offset by donations totaling $99,400 that have been received since construction began.

  Helen provided detailed ledgers of all the construction costs incurred to date, and expected expenses to complete construction compared to available funds. While there was some difference in the approaches used between Helen’s analysis and Kathy’s, it was agreed that a reasonable projected estimate will require about $25,000 in additional funding to complete the construction. However, any more change orders will further increase this estimate.

**Closing**

The next meeting is scheduled for August 29 at 5:00 PM, where we hope to approve the Annual Financial Report to the Diocese.

This meeting was adjourned at 8:18 PM.

Submitted by Tom Altenbach, Chairman