

St. Cecilia Finance Committee
Meeting Minutes
February 13, 2020

Members Present: Dick McCarthy, Brad Poeschl, Maureen Riedl, Julie Sexton, Ken Scherber and Julie Kunkel (chair)

Maureen opened the meeting with a Prayer.

The Committee approved the minutes for December and January, which will be posted to the website.

The Committee reviewed and discussed the January results and YTD financial information.

- January collections were ahead of last year, largely due to \$3800 in receipts related to funerals. Building fund collections continue to be ahead of last year.
- Total revenues continue to exceed prior year due to estate gifts in the first half of the year, however revenue and plate are slightly behind last year.
- Expenses are largely on track with both the budget and prior year. The parish operations position has been open for several months, resulting in a positive salaries variance.
- The cash position continues to be strong and debt reduction is on track.

The parish received a refund in February from the Archdiocese related to an overpayment of priest pension in a prior year. This amount had been disputed in 2017. The amount will be recorded as a negative pension expense so that it is properly excluded from the budgeting process and assessment.

The Committee continued its discussion of investment options for its cash balances:

- The parish currently has operating cash balances in excess of \$205,000. The primary driver of the increased cash balance was a significant estate gift in 2019.
- Our philosophy regarding operating cash balances is to maintain approximately three months of operating expenses as reserves. That equates to about \$125,000. In addition, we maintain a separate building fund account that is used to fund major repairs and improvements. That balance is currently approximately \$65,000.
- We have an endowment fund with CCF that is permanently restricted by the donor. Amounts are released from the fund each spring and have been approximately \$9,000 per year. This donation was not assessed when it was endowed by the donor. We pay our assessment on these funds as they are released. The balance is approximately \$250,000.
- We can establish an additional fund at CCF that is unrestricted and would provide higher yields than our current bank cash account. Amounts to be transferred would be assessed in the year that the donation was received and would not be assessed again when the amounts are withdrawn.
- The CCF unrestricted funds provide three options: 1) a Money Market fund – which pays interest at a higher rate than our bank; there would be no investment risk (i.e., the principal is secure); 2) a short term investment fund that invests in 65% bonds/35% stocks; this fund has investment risk; 3) a long term investment fund that invests in 65% stocks/35% bonds; this fund also has investment risk. CCF manages the investments and charges an investment fee. The investments are in securities that are aligned with Catholic values.

- The minimum initial investment is \$50,000. Amounts can be withdrawn at any time without penalty. After the initial investment, the fund balance can drop below \$50,000 without penalty. Amounts can be moved within the investment categories at any time.
- The recommendation of the Committee is to move \$60,000 into an unrestricted account at CCF. This amount would be invested \$40,000 in the Money Market Fund (to preserve principal) and \$20,000 in the short term fund.
- The Committee would reevaluate the investment categories after a building fund plan is developed that prioritizes our repair and improvement plans.

A process is underway to complete a priority list of building projects along with a timeline for completion. The plan would also include initial estimates of cost for each major project. The goal is to have this in place for the new fiscal year and to permit budgeting of maintenance and repair costs in the operating budget.

The next meeting is on March 12 at 5 p.m.

Submitted by:
Julie Kunkel, chair

Posted 4/22/20 BF