

Budget by Cost Category

	2018/2019 ALLOCATION	OTHER INCOME	TOTAL BUDGET
SCHOOL OFFICE			
Office	404,200	174,158	578,358
Subtotal	404,200	174,158	578,358
DIRECT SCHOOL ALLOCATIONS			
Strong City School Fund	455,000	0	455,000
High Schools	488,000	0	488,000
Subtotal	943,000	0	943,000
SOCIAL MINISTRY			
CCEAC Collection	75,000	0	75,000
Charities Allocation	242,500	0	242,500
Housing & Community Services	6,000	15,000	21,000
Human Rights	111,458	5,000	116,458
Ministry to Disabled	21,108	0	21,108
Restorative Justice	21,000	0	21,000
Subtotal	477,066	20,000	497,066
MINISTRIES			
Campus Ministry, NWMSU	132,542	112,300	244,842
Campus Ministry, St. Joseph	61,998	30,765	92,763
Campus Ministry, UMKC	68,344	2,000	70,344
Campus Ministry, Warrensburg	66,806	7,000	73,806
Criminal Justice Committee	2,000	0	2,000
Diaconate Formation	131,285	1,250	132,535
Family Life Office	190,549	54,750	245,299
Hispanic Ministry	79,417	28,010	107,427
Office of Catechesis & Faith Formation	269,699	35,000	304,699
Office of Worship	143,648	6,500	150,148
Parish Based Ministry	135,000	0	135,000
Pastoral Care Committee	2,000	1,500	3,500
Permanent Diaconate Office	42,750	3,564	46,314
Priestly Life/Ministry	76,500	18,300	94,800
Respect Life	99,839	80,600	180,439
Tribunal	390,594	0	390,594
Young Adult Ministry	133,000	57,640	190,640
Youth Office/Hispanic Youth Office	103,500	66,784	170,284
Subtotal	2,129,471	505,963	2,635,434
COMMUNICATIONS			
Catholic Key	91,000	519,889	610,889
Subtotal	91,000	519,889	610,889
SUPPORT OF PRIESTS & SEMINARIANS			
Bishop's Residence	74,266	0	74,266
Major/Minor Seminarians	921,089	308,238	1,229,327
Priests on Special Assignment	249,000	5,000	254,000
Reserve Plan	170,000	0	170,000
Retired Priests' Health Insurance & LTC	55,000	400,000	455,000
Vocation Office	64,175	182,500	246,675
Subtotal	1,533,530	895,738	2,429,268
EXTERNAL ALLOCATIONS			
Catholic University	8,250	0	8,250
Holy See Support	23,000	0	23,000
MO Catholic Conference	97,000	0	97,000
USCCB	62,600	0	62,600
Subtotal	190,850	0	190,850
DIOCESAN ADMINISTRATION			
Archives	160,647	0	160,647
Bishop's General Administration	68,770	1,700	70,470
Bishop's Office	195,326	14,000	209,326
Bishop's Presbyteral Council	3,320	3,400	6,720
Bishop Emeritus	15,869	0	15,869
Bright Futures School Fund (Dev.)	15,000	304,229	319,229
Chancellor's Office/VG for Administration	148,433	14,000	162,433
Chancery/Catholic Center	470,230	1,018,483	1,488,713
Doubtful Accounts Allowance	60,000	0	60,000
Finance Office	335,511	54,650	390,161
Human Resources	294,309	95,000	389,309
Information Systems	50,990	141,956	192,946
Office of Catholic Health Care	0	100,000	100,000
Office of Consecrated Life	29,279	0	29,279
Office of the General Counsel	173,000	95,000	268,000
Other - SFX Cell Tower Reimbursement	30,000	0	30,000
Printing/Mailroom	28,300	120,500	148,800
Professional Services	80,000	14,000	94,000
Property Management	231,087	0	231,087
Reserve Plan	25,000	0	25,000
Stewardship & Development/Annual Appeal	511,620	0	511,620
Vicar General	83,450	70,000	153,450
Subtotal	3,010,141	2,046,918	5,057,059
GRAND TOTAL	8,779,258	4,162,666	12,941,924

Highlights of the 2018/2019 Diocesan Chancery Operation Budget

The Diocesan Finance Council, at its June meeting, recommended approval of the operating budget of the Diocesan Chancery Operation for the 2018/2019 fiscal year, which began July 1, 2018. Bishop James V. Johnston, Jr. subsequently accepted the recommendation. The review and approval of this 'balanced' budget by the Diocesan Finance Council is one of the two primary responsibilities of a Diocesan Finance Council which are stipulated in Canon Law, the other being the review of the annual audit. Thus, it is a significant and extremely important responsibility. Equally important is the responsibility of Bishop Johnston, his advisors and staff to present to the Faithful of our Diocese the content of the annual budget in that it is funded largely from

your direct contributions through the Annual Catholic Appeal (ACA) and, indirectly, through an assessment of contributions (the "Cathedraticum" assessment) made at the parish level. Bishop Johnston and I have a responsibility to be clear in describing for you where the money comes from and how it is allocated. It is in this spirit of disclosure and financial accountability that we present here information regarding the 2018/2019 Operating Budget of the Diocesan Chancery Operation.

The operating budget of the Diocesan Chancery Operation reflects the functions and ministries coordinated at the Chancery Offices (at the Catholic Center) and the four campus ministry locations. It is sometimes informally referred to as the Diocesan Budget or the budget of the Diocesan Administrative Offices. It does not include Catholic Charities, Catholic Cemeteries, the Propagation of the Faith Office, the Diocesan Insurance Program, and the Deposit and Loan Trust, as well as our parishes and schools, all of which are separate entities that have their own budgets. Bishop Johnston's Administrative Cabinet functions as the "budget committee" and I, as the Finance Officer, chair the process, which started in January with a three-month discussion of the significant topics and issues. This discussion of the 'macro' issues led to crafting specific budget directions which were used by office and program directors to complete line item budgets. The resulting balanced budget was, and is always, a true collaborative effort.

The total Diocesan Chancery Operation Budget for 2018/2019 is \$12.94 Million, which is a 3.4% increase from 2017/2018. The budget, as it has been for at least the last 26 years, is a balanced budget and is, in fact, a surplus budget, with a small surplus going to enhance certain key reserve areas relating to seminarian education, priests on

special assignment and the care of certain properties. Salary actions are consistent with our Diocesan Salary Scale Plan for lay and religious employees and the Diocesan Clergy Compensation Plan.

There are five primary sources of income which fund the operational budget (see pie chart). The largest source of income is the Diocesan Assessment ("Cathedraticum"), which is an assessment on parish income based on a defined formula approved by the local bishop after consulting with the Presbyteral Council and the Diocesan Finance Council. The Diocesan Assessment amount for 2018/2019 is \$6,340,000, which is an increase of \$155,000 from 2017/2018. It represents 49% of our total income.

A second important source of income is the Annual Catholic Appeal, which raises funds for several of our important programs and ministries. For 2018/2019, the Annual Catholic Appeal is budgeted at \$2.0 million. These funds go entirely toward our programs for education, catechesis and faith formation, vocations and seminarian education, all areas of pastoral ministry and social services/outreach. The total cost of these areas alone exceeds \$3.0 million.

User fees, outside income (rentals, advertising etc.), grants, certain diocesan-wide collections, internal transfers and miscellaneous contributions make up a collective third source of income (\$3,512,000). Included in this amount is \$175,000 budgeted for the 'Tomorrow's Priests' Diocesan Collection to be conducted in May 2019 to help address the increasing costs for seminarian support and education, as well as to assist in funding the work of the Vocations Office. In 2018/2019, the Stewardship and Development Office, in conjunction with the Vocations Office, will look to an enhanced approach to the collection to allow the Chancery Operation to reach more households, telling the great story of increased interest in the priesthood in our Diocese.

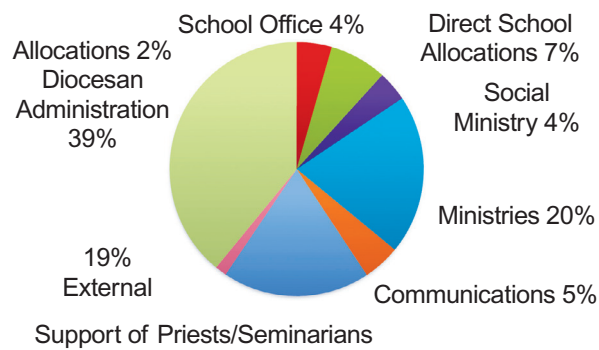
Another primary source of funding is "net" interest income, budgeted in 2018/2019 at \$110,000. This income source is a net combination of three components: 1) the net interest income amount approved by the Board of Trustees of the separate Deposit and Loan Trust to be transferred to the Diocesan Chancery Operation (\$350,000), 2) the difference between total interest and investment income of the Diocesan Chancery Operation less interest paid on deposits and internal endowments associated with the Diocesan Chancery Operation (\$60,000), and 3) an allocation to the Property and Casualty Fund as directed by the Diocesan Finance

Diocesan Finance Officer



Dave
Malanowski

Budget by Cost Category



Highlights of Budget cont.

Council (\$300,000).

Also, there is an amount of income (\$980,000) from interest/earnings on restricted and designated endowments, as well as the use of certain designated funds.

The chart shows the operating budget by eight (8) major cost categories.

School Office Operation - income and expense associated with the office that oversees the administration of 24 elementary, 3 high schools, and 8 early childhood centers.

Direct School Allocation - direct payments to our two Strong City Schools, the Bright Futures Fund and the three Diocesan high schools.

Social Ministry - primarily a direct subsidy payment to Catholic Charities, as well as the operation of the Human Rights Office, our Restorative Justice Program subsidy, the subsidy for the Ministry to the Disabled and certain housing initiatives.

Pastoral Ministries - operation of those offices that train and support pastoral ministers as well as offer many direct formational opportunities to the people and parishes of the Diocese. These offices include Worship, Family Life, Youth, Campus Ministry, Young Adult, Permanent Diaconate, Respect Life, Hispanic Ministry and Catechesis and Faith Formation.

Communications - primarily *The Catholic Key* newspaper operation, which includes the Communications/Media Relations function.

Support of Priests/Seminarians - costs relating to (1) the canonical mandates of care and support of priests, (2) support and education of seminarians, (3) vocation awareness and development, (4) Bishop's residence.

External Allocations - direct payments to support entities of the broader Church outside the Diocese. These entities range from the Missouri Catholic Conference to the U. S. Conference of Catholic Bishops to the Holy See.

Diocesan Administration - those administrative and systems costs that allow the Bishop to effectively oversee the 100-plus parishes, schools and other operations of the Diocese.

The seminarian education budget decreased by \$100,000 to approximately \$1,229,000 with the number of seminarians projected at 31. This represents 14 men in college and 17 men in Pre-Theology/Theology. This year the Chancery Operation will use approximately \$132,000 of seminarian reserves to assist in funding the overall seminarian education budget.

The Chancery Operation continues its support of Catholic high school education and our three separately incorporated Diocesan high schools in the amount of \$488,000. The support for Bishop LeBlond will be \$130,000, the support for St. Pius X will be \$58,000 and the support for the new St. Michael the Archangel will be \$300,000.

The Chancery Operation continues its support of parish ministry as well as support of our sister organization - Catholic Charities. The Diocesan allocation to Catholic Charities is set at \$365,108, and the allocation for the Parish Based Ministry Grant Program (to assist parishes with the funding of ministerial positions) was set at \$135,000.

The Chancery Operation continues its support of the Strong City School Fund at a level identical to last year - \$455,000. It represents a continued strong commitment to Catholic Education in challenged parts of our Diocese.

In 2018/2019, the Diocesan Chancery Operation will fund directly Campus Ministry at UMKC. The budgeted amount is \$70,344, and this ministry will work in conjunction with and be officed at the Catholic Student Housing Project, John Paul II Commons, which is located at the

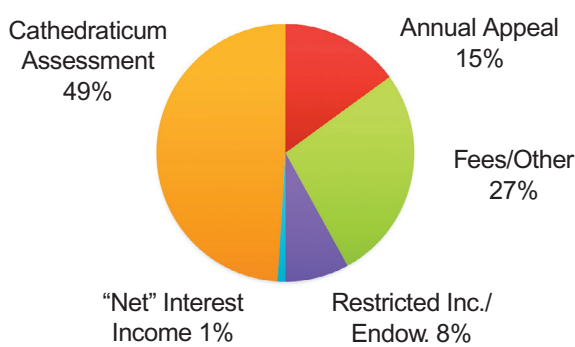


Christine DeMarea presents the Diocesan Chancery Operation Budget for 2018/19 to Bishop James V. Johnston, Jr.



The Diocesan Finance Council (from left to right) Alan Lankford, Jeremy Lillig, David Brain, Eileen Hutchinson, Tom McCullough, Margo Shepard, Bishop Johnston, Christine DeMarea, John Crowe, Jim VanDyke, Fr. Pat Rush and John Destefano. (Not Pictured: Theresa Hupp and George McLiney)

Sources of Income



former St. Francis Xavier grade school building and overseen by the independent 5220 Troost LLC.

Human Resources will be adding one position- an HR Generalist- and the School's Office will be adding two part-time positions - School Marketing Coordinator and a Coordinator for Curriculum. These school positions represent two areas which required critical attention in light of increasing demands and the importance and priority of Catholic School education.

Restructuring occurred in the areas of catechesis, faith formation and discipleship which had an impact on Family Life Office, Young Adult Ministry, Youth Ministry, Hispanic Ministry and Campus Ministry. This restructuring allows the Diocesan Chancery Operation and, more specifically, the new service area of Domestic Church and Discipleship, to effectively budget and use resources in these critical ministerial areas.

Our Campus Ministry at Northwest Missouri State University in Maryville will look to expand its development and fundraising efforts in the hope of eventually enhancing its physical facilities to accommodate a thriving campus ministry program.

For 2018/2019, the Diocese has initiated a Diocesan School Assessment, which, following a formula reviewed by the Diocesan Finance Council and Presbyteral Council and approved by Bishop Johnston, will assess all parishes in 2018/2019 to make funds available in 2019/2020 (100% of what is collected) for our Diocesan elementary schools. A question could be asked-why isn't this assessment income included in the Diocesan Chancery Operation budget? The new School Assessment does not fund, in any way, costs contained in this budget. The income has a 'pass-thru' nature, so, while the Diocesan Chancery Operation will certainly be showing it next year in its audited financial statements, the Chancery does not include it in its Operating Budget.

Allocations will continue for several important ministries which are reflective of our commitment to supporting the various efforts of faith formation, discipleship and evangelization as well as serving the needs of the poor. These include the areas of Young Adult Ministry, Youth Ministry, Campus Ministry (four campus locations), the Office of Catechesis and Faith Formation, Family Life, Hispanic Ministry, Human Rights and Respect Life, as well as our support of Catholic Charities, the Strong City Schools and our Diocesan High Schools. The budget also continues to fund at appropriate levels those offices, cost centers and programs which are canonically required or

What is the Diocesan Finance Council?

The Diocesan Finance Council is a consultative body that provides advice to the Bishop in areas of finance and business, as well as certain acts of extraordinary administration, in ways similar to how a parish finance council advises a pastor. While advisory in nature, there are certain matters in financial administration that require actual consent of the Finance Council, for example, certain types of property transactions and changes to the Diocesan assessment formula. As mandated in Canon Law, members of the Council are skilled in civil law, business and financial affairs, as well as possessing an understanding of and dedication to the Mission of the Church.

Two major responsibilities of the Finance Council are (1) to review and approve the annual operating budget, and (2) to review and approve the annual Diocesan Audit.

Our Finance Council is currently a 13-member body:

Most Reverend James V. Johnston, Jr. - Bishop, Catholic Diocese of Kansas City-St. Joseph;
David Brain - CEO, Brown Cow Capital, LLC
John Crowe - self employed;
Christine DeMarea - Partner, Husch Blackwell, LLP;
John DeStefano - Retired Senior Vice President of Finance and Treasurer, Great Plains Power, Inc.;
Theresa Hupp - Retired Director of Employee Relations and Staff, Hallmark Cards;
Eileen Hutchinson - Retired Vice President of Finance/CFO, Government Employees Health Assoc., Inc.
Alan Lankford - President, Lankford and Associates;
Thomas McCullough - Retired Executive Vice President; DST Systems, Inc.;
George McLiney - Chairman Emeritus, McLiney & Company;
Rev. Patrick Rush - Retired Diocesan Priest
Margo Shepard - Senior Vice President, Wells Fargo Advisors;
Jim VanDyke - Retired Partner; BKD, LLP CPA's and Advisors;
Jeremy Lillig - Diocesan Director of Stewardship and Development/Director of Strategic Planning (ex officio).

The Diocese has had a Diocesan Investment Committee since 1995. Tracey Lewis chairs this committee, and is joined by Kevin Emmendorfer, Ray Evans, Marlin Fiola, Linda Hanson, Analee Lanio, Joseph Massman and Peg VanWagoner. The Investment Committee continually reviews the investment policies, objectives and performance of the Priest Retirement Trust, the Lay Employee Retirement Trust, the Charitable Gift Annuity Trust, the Deposit and Loan Fund and certain other Diocesan investments/trusts.

Dave Malanowski, as Diocesan Finance Officer, and Monica Adams as Internal Auditor/Risk Manager, staff both the Finance Council and the Investment Committee.

are necessary to administer an organization like ours.

If you have any questions about this budget or other aspects of the financial operation/condition of the Diocesan Chancery Operation, please contact me at 816-756-1850 or malanowski@diocesekcsj.org