

Diocese of Des Moines
Annual Budget Preparation
Best Practices

1. Establish a timeline allowing for approval of the budget by the Finance Council and Pastor in the month of May.
2. 6 – 8 months prior to year-end (schools need more time because of contracts), have Pastor and Pastoral Council/Finance Council meet and discuss ministry goals and objectives for the coming fiscal year. Quantify as much as possible and share with all ministries.
3. Prepare and review a YTD Statement of Activities that includes actual and budgeted numbers by Entity/Program to share with program managers. A column for prior years actuals should also be included. (See Budget Worksheet under Reports in ParishSOFT Accounting). If necessary, include a General Ledger report for each program to the manager to show the detail.
4. Business Manager/Bookkeeper should try to block off time to meet with program heads to walk through the financial statement for their program. This is a good practice to make sure that everyone is on the same page and aware of current/upcoming events etc.
5. With parish ministry goals and objectives in mind, have programs prepare budgets with descriptive narratives on their own ministry goals and objectives, detailing new projects, ministries, fundraising and the rationale for the income and expense numbers used in the budgets. (Have all departments complete a standardized template for this. The Diocese can provide an example).
 - a. Review current year actuals for variances and possible effect on the upcoming year.
 - b. Identify new initiatives and the funding source to support it.
6. Do not allow programs to simply take last year budget or actuals and increase by a percent for next year's budget. Each line item should be reviewed and have concrete assumptions behind it.
7. Determine if there are changes in growth patterns that need to be considered besides an inflation factor.
8. Do not budget income that is unattainable in order to balance the budget.
9. The organizations overall budget should typically show a net surplus/loss of \$0 or a net surplus.
10. After budget is balanced, submit to Pastor and Parish/Finance Council for their review, questions and final approval.
11. Other items to consider:
 - a. Long-term projections/trends
 - b. The need to have a contingency fund
 - c. Funding depreciation for a capital replacement fund