



Finance Council Minutes

Date: 8/9/22

Time: 7:00 p.m.

Attendance:

Members	Present	Members	Present	Members	Present	Members	Present
Steve Vebber	X	Heidi Hobler	X	Esperanza Neri	X	Msgr. Michael Clay	X
		Sarah Hoffman		David Nerz		Fr. Alex Gonzalez	X
Delynn Alexander	X	Reji John	X	Peter Russo	X		
Susan Debender		Steve Joseph	X	Kathy Sales	X	Chris Damico	X
Julio de la Rosa	X	Bill Laxton	X	Dawn Smith	X	Jacob House	X
Steve Dilger		Tom Mense	X	Tim Thronson			
Paul Fedorkowicz	X	Rob Neppel	X				

AGENDA:

Opening Prayer

Accept Minutes of 5/31/22 Meeting

School Updates – TFS & Pre-School

Summary of 2021-2022 Year End Closings

Discussion Item: Use of Savings Accts vs Balance Sheet Income Statement Account

Additional Capital Improvement Request

-FC Approval Vote

Columbarium Update

Q & A

Meeting Schedule for 2022-23 Fiscal Year

Closing Prayer

OLD BUSINESS:

- Steve Vebber requested feedback on the Finance Council Meeting Minutes of 5/31/22 (updated and re-issued 8/8/22).
- There were no changes identified to the re-issued Minutes of 8/8/22.
- **Vote Taken** – A motion to approve the Finance Council Meeting Minutes from 5/31/22 (updated and re-issued 8/8/22) was made and approved.

NEW BUSINESS:

- Chris Damico was introduced to the Finance Council. He will be serving as the Director of Engagement and Development.

School Updates:

TFS Update:

- Dawn Smith provided an enrollment update for TFS. We finished the last school year with 661 students.
- As of the meeting, we currently have 676 students enrolled for the new school year. The budget assumed 646 students.
- We currently have a waitlist in grades K, 2, 4 and 5.
- It was noted that we have about \$40K remaining in the Timberwolf fund to assist families with tuition. Dawn noted that we have provided assistance to families that have requested help for this school year and that her plan is to use all the Timberwolf fund.
- She also discussed staffing. We are currently fully staffed. Last year we had 12 new hires. This year we have 10 new hires.
- Of the 10 new hires, 1 is in the first year of teaching. She said that the starting salary at TFS is \$35K for a first year teacher. The Wake County average is \$41,892.
- Dawn noted that, with that starting salary, it will not leave much discretionary income for the individual after you factor in rent, payments for car, utilities and food. She estimates about \$500 a month remaining after those expenditures. This does not factor in student loans or any other obligations the person may have.
- Dawn said the intent of bringing this up, was to start thinking about teacher pay and start the discussions when we have the meetings on tuition and budgets for next school year. Rob noted that we are in year 2 of the recently developed 5 year plan. The 5 year plan was targeting to get our teachers to an average of around 94% to 95% of the teacher scale, by the end of the 5 years. This represents about an increase of 1% per year against the projected scales. There are different scales for teachers with Bachelors and Master's degrees, with a step function based on number of years of service. These scales change annually.
- We also discussed other benefits that teachers and all other Parish staff are receiving, such as a tuition discount of 10% for their children at TFS and the Pre-School.
- It was decided that we would have further discussions on teacher pay in a future meeting.

Pre-School Update:

- Heidi Hobler provided an update on enrollment at the Pre-School. As of the meeting, 171 spots have been filled. We have capacity for only 3 more.
- We had minimal personnel turnover after the school year end. We have filled 2 teacher assistant vacancies. We recently had one teacher that resigned on 8/1 without any warning. This position was filled with another staff member, and we are in the process of filling the resulting opening. We also do have an opening for a Spanish Coordinator.
- She noted that she did adjust the salary of her Administrative Assistant, who was working at the Pre-School and also working outside the Parish at a second job. When this person's other job went away, Heidi felt that she would start looking elsewhere and could possibly lose her. So her salary was increased because her role is more of Coordinator than an Administrative Assistant.

Year End 2021 – 2022 Closing Summary:

- Rob Neppel noted that all our entities closed with significant surpluses against their full year budgets.

- The Church finished with an operational surplus of \$234K, which was driven by exceeding offertory targets.
- It was noted that earlier in the year, we did have concerns on whether we would meet the offertory target, but the Parish came through.
- It was suggested that we should notify the Parish of this, and thank them for their generosity.
- TFS had a surplus of \$682K and the Pre-School had a surplus of \$193K. Both schools benefitted by exceeding enrollment targets and by managing expenses.
- The Columbarium had a surplus of \$40K.
- A chart that showed how the operational surpluses were applied was reviewed.
- The church put in additional \$100K into the Maintenance Reserve, another \$100K into General Savings, and also provided \$120K in extra principal payment for the Siena mortgage.
- TFS used its surplus and made \$200K in extra principal payments to the Siena loan, and made additional payments of \$100K to each the Maintenance Reserve and General Savings accounts. We left the remaining amount of the surplus in the checking account to cover July expenses.
- The Pre-School made an additional \$100K to Maintenance Reserve and \$100K to the General Savings and \$25K was used to create the Nancy Bourke Scholarship Endowment Fund.
- For the Columbarium, \$440K was left in the checking account to cover July expenses. We also moved \$500K from the checking to the savings account. We also did contribute \$30K to the Endowment for Perpetual Care and Future Expansion.
- Our Siena mortgage was reduced to \$477K, a reduction of \$1M during the year. It is estimated that balance of the mortgage could be paid off around February/March of 2023, if we continue with the extra principal payments each month. Members of the Council praised Rob for his work with getting our loans almost paid off. It was noted that back in 2014, that St. Francis represented almost 19% of the Diocese's debt, so to get it to where we are just months away from getting it to zero, is a big accomplishment.
- Rob reviewed where we finished the year for each of our checking and savings accounts. The numbers are summarized here for all our Parish entities:

	<u>Starting Balance 7/1/21</u>	<u>Ending Balance 6/30/22</u>
Church	\$1,069,547	\$1,367,000
TFS	860,108	1,261,466
Pre-School	451,954	782,997
Columbarium	289,734	942,902

- Our Maintenance Reserve savings account grew by \$424K during the fiscal year.
- More detailed numbers can be found in the file "Finance Council Meeting 20220809.pptx" sent out to the Finance Council via email on 8/5/22 by Rob Neppel.

2022-23 Use of Balance Sheet / Savings Account for School Registration Funds:

- In the past, when we were doing Cash Accounting, when we received Registration and early Tuition payments for the next fiscal year in our checking account, we would transfer those funds into our Registration Savings Account, so that we would not count as part of our operational income in the current year.
- With the roll out of the new chart of accounts and Accrual Accounting, which was implemented this past fiscal year, we were able to identify those funds that went into our checking, with an entry into a balance sheet liability account called, Registration for Next Year (pre-paid). This provided us with clear visibility into how much money was paid for next year's registration, in addition, we did not have to worry about it being mixed in with our operational income.
- This past fiscal year we kept the funds in the checking and did not transfer those funds into the savings account. For this upcoming fiscal year, the liability will still be reflected on the balance sheet, but we will plan to move those funds from our checking into the registration savings account so we can at least earn a few months of interest.

Additional 2022-23 Maintenance Projects:

- Rob Neppel reviewed the need for additional funding for some new Parish projects.
- A request was made for \$85,300 to enhance the security of our schools and campus, by adding in 5 additional electronic door locks and 23 cameras. This was recommended by our security consultants as a result of lessons learned from the recent school shootings.
- There was further discussion on security around campus. Rob noted that we have had training sessions and will continue to have training sessions for School and Parish staff on what needs to be done in the case a situation arises on our campus. It was also noted that Marc Kielty is monitoring the cameras throughout the day. It was stated that we should communicate the steps and enhancements that we have taken, to parents to make them a little more comfortable about the safety of their children.
- There was also a request made for \$29,000 for renovating/remodeling the original bathroom in the Rectory.
- Those 2 projects, along with the already approved repaving and sealing of the parking lots, represent the current view of new 2022-23 projects that have not started. We will get a new quote for the paving sometime during the spring (prior quote was \$240K).
- As of 7/1/22 the Maintenance Reserve balance total of all entities is \$835K. During this fiscal year, we plan to add \$465K to the fund, and withdraw \$719K for project expenditures. This should leave a balance of about \$581K by the end of June 2023. It could be potentially more if the schools generate surpluses and if we continue collecting for Mortgage Sunday (will be replaced/renamed Maintenance Reserve Sunday). Ideally we would like to target an annual balance of \$800K to \$1.5M for the Maintenance Reserve.
- Rob provided a breakdown of the \$719K in project expenditures noted above.
- We estimate that \$307.8K of the total \$719K expenditures are 2021-22 carry over project expenses. This includes, Fire Alarm – cellular communicator upgrades (\$5000); Painting Elizabeth Hall (\$20,950); Boiler/Chiller controller & sensor upgrades (\$185,000); Modular Skirting Replacement (\$24,298); Siena light replacement (\$9000); painting of Jacoba (\$17,444); floor in Jacoba (\$19,304; security door maintenance (\$6958); ball field replacement (\$19,800).
- Approximately \$411.4K of the total \$719K expenditures are 2022-23 expenditures. This includes, drainage repair (\$39,500); tree removal (\$18,640); repaving parking lot (\$240,000); new - remodeling rectory bathroom (\$29,000); new - security enhancements (\$85,300).
- Rob told the Council, that the plan is to combine the TFS, Pre-School and Columbarium Maintenance Reserve Savings Accounts into the Church's Maintenance Reserve Account, so that we have only one for the entire Parish, since we manage all the projects at a Parish level.
- **Vote Taken** – A motion to approve funding for additional 2022-23 maintenance projects for security enhancements for the school and campus (\$85,300) and for renovating/remodeling the rectory bathroom (\$29,000), was made and approved.

Columbarium Expansion Project Update:

- Rob Neppel stated that the shovel hit the ground on July 11th for the expansion. The target date for completion is Thanksgiving. We expect Eichkof to begin niche installations around November 1.
- To date we have expended \$424K of the \$1293.4K of the approved funding. This leaves us with \$869K remaining. As of 6/30/22, we had \$942K in funding available combined in our Columbarium checking, savings and maintenance reserve accounts

Discussion & Questions:

- Rob Neppel noted that so far in the new fiscal year, offertory is running \$37K higher than last year at this point in time.

- Msgr. Clay accepted all the recommendations and votes taken during this meeting.

VOTES TAKEN:

- A motion to approve the Finance Council Meeting Minutes from 5/31/22 (updated and re-issued 8/8/22) was made and approved.
- A motion to approve funding for additional 2022-23 maintenance projects for security enhancements for the school and campus (\$85,300) and for renovating/remodeling the rectory bathroom (\$29,000), was made and approved.

FUTURE MEETINGS:

- Schedule for 2022-23 Finance Council Meetings – All meetings start at 7:00 p.m.
Tuesday October 11, 2022; Thursday December 1, 2022; Tuesday January 10, 2023;
Tuesday February 28, 2023; Tuesday April 25, 2023; Tuesday May 30 2023.