



The Catholic Community of
St. Francis of Assisi

Finance Council Minutes

Date: 4/25/23

Time: 7:00 p.m.

Attendance:

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

AGENDA:

Opening Prayer

Accept Minutes of 2/28/23 Meeting

School Updates – TFS & Pre-School

-Vote on additional spending request

Presentation of 2023-24 School Budgets

-TFS – Vote

-Pre-School – Vote

Offertory Update

Q & A

Next Meeting May 30, 2023

-Church & Columbarium Budgets

-Year-End Forecasts

-Meeting Schedule for 2023-24 Fiscal Year

Closing Prayer

OLD BUSINESS:

- Steve Vebber reminded the Council of the May 10th meeting for prospective parishioners going through the RCIA program. He will be providing a Finance Council overview at that meeting and he encouraged other Council members to attend, if possible. Some members have already committed to come.
- Steve requested feedback on the Finance Council Meeting Minutes of 2/28/23.
- There were no changes requested.
- **Vote Taken** – A motion to approve the Finance Council Meeting Minutes from 2/28/23, was made and approved.

NEW BUSINESS:

School Updates:

TFS Update:

- Dawn Smith noted that for next year's budget we would not have to worry about Siena mortgage since it was paid off in February.
- The plan is to close the gap on Teacher salaries by targeting to be at 97% of the Diocese scale. We looked at different scenarios on closing the gap. We started with a model at 95% and also looked at 100%. We felt the 97% model was the most reasonable balance with risk.
- We still plan on contributing to the maintenance reserve, general savings and student endowment.
- We had 76 families request financial aid for the new school year. We are providing almost \$400K in aid to 100% of the requestors. Most of this is covered by the tithe from the church. This does not include opportunity scholarships and assistance from the Timber Wolf Fund, which are available if needed. Last school year we provided assistance to 92 families for \$575K.
- We expect at the end of this school year to lose 8 staff, 3 of whom are retiring. The part-time music teacher position will not be filled. We expect our Media Specialist to be out on maternity leave through October. Some of the faculty have expressed an interest to move to different grade levels and subject areas. We are in the process of interviewing for several of these positions and have already made a couple of offers this week. Hiring is proving to be difficult, as the pool of applicants for teaching positions is limited, not just here, but everywhere.
- As of the meeting, we have 658 students enrolled for next year and have 8 offers outstanding. We have 92, 8th graders who will be graduating in May. We currently have 73, 7th grade students who will be moving up. We plan to add 72 kindergarten students. We have waiting lists in grades K, 4 and 5.
- Compared to last year at this point in time, we have enrolled 5 more new students.
- A question was asked on headwinds for the upcoming year. The small teacher pool is a concern. In addition, we will have to see what happens with North Carolina public school salaries, once the Governor and Legislatures finalize salary increases. If the economy takes a downturn, then it may impact us with more families requesting support, but we do have alternatives available if this happens. It was also noted, that we will not turn away people due to their financial situation.

Pre-School Update:

- Heidi Hobler noted that the Pre-School currently has an enrollment of 171 students. For next year, the budget will be built assuming we will have at least 160 students. To date, we have filled 153 of these slots. This is 4 behind where we were at this point in time last year. We have a capacity for 174.
- Heidi requested additional funding for furniture for the school. Our current budget is \$15K and she requested an additional \$20K. This would be used to replace the original chairs and tables in the classrooms. We also need to set up the new toddler classroom. We also need to replace the window blinds with cordless blinds for safety reasons.
- Heidi will be able to cover this expense over-run with the surplus generated from extra students this year, and donations from families and Harvest Moon. In addition, if needed we can withdraw from our General Savings account which has a current balance of \$307K.
- **Vote Taken** – A motion to approve the request for an additional \$20K for Pre-School furniture, was made and approved.

Budget Process Overview:

- Rob Neppel provided an overview of the budget process
- He noted that both budgets are based off Year 3 of the 5 Year Plan model. We re-visited the assumptions in the model and updated as needed.
- We also re-visited how we are doing the tuition calculations.
- We used the latest Diocese guidelines for school assessments, teacher scales and salary increases, and insurance rates.
- Endowments are no longer on our ledger. So the TFS internal loan payment to the Endowment now shows in our operational expense budget and not in the balance sheet.
- Salary cost of living was increased to 5% vs 3%. In addition, in the TFS budget, we added even more dollars in order to close the teacher salary gap by targeting to be at 97% of scale. The 5 year plan targeted to be at 95% by the end of the 5 years.
- Overall, the budgets are more aggressive than the prior couple of years, but both school Principals and Finance feel that they are fair and achievable.

TFS 2023-24 Budget Assumptions:

- As a result of the large surplus we are currently forecasting for the current fiscal year, we felt it was important to revalidate the assumptions used in the model to project tuition income. As noted previously, our current demographics show that 73% of the students get the Parish Steward Rate, 13% get the Catholic rate, and 14% get the Non-Catholic / Full Tuition rate. In the past we used to develop the Tuition plan in the budget by applying the Parish Steward Rate to all students. In this year's budget, we have calculated Tuition based on applying the current demographic percentages.
- Using the above tuition calculation, the breakeven point for enrollment to support the model that gets the Teachers to 97% of the scale, is 658 students. Currently for 2023-2024 we have 658 students registered (includes 1 added today). We remain confident that we will reach the enrollment "Sweet Spot" range of 660-670.
- The budget assumes a Tuition rate increase of 3% (approved by the Finance Council 12/01/22)
- Salaries cost of living increase at a base rate of 5% (up 2% from initial proposed budget). We have additional dollars added to get teachers to 97% of scale.
- Health Insurance was lowered to 5% per Diocesan guidance (down from prior budget modeled at 13.5%). Property & Liability insurance was up 16% from prior year.
- Maintenance Reserve Contribution continues to be \$200,000. The expected capital projects are approximately \$700,000, previously approved by the Finance Council and funded from the Maintenance Reserves.
- We are no longer funding the Christo Rey Work Study Program.
- We do not have the Siena Mortgage liability in this budget.
- For the detailed TFS budget file, see Rob Neppel's note of 4/21/23 sent to the Finance Council.
- A summary of the TFS 2023-24 budget is shown below:

TFS YE 2023 Budget/Forecast & 2024 Budget	Year 2 F/Y Budget 2022-23	Year 2 Forecast 2022-23	Year 3	Year 3	Year 3	Teacher Scale Target Base Salary Increase
			95% 5% 2023-24	97% 5% 2023-24	100% 5% 2023-24	
Accounts						
	\$0	\$0	\$0	(\$0)	(\$0)	Balance
	658	673	660	660	667	# Students
			650	658	667	Students to Break Even
Revenues						
A. Education						
Total Tuition	\$5,300,740	\$5,360,816	\$5,298,480	\$5,298,480	\$5,384,230	
Total Tuition Assistance	\$330,960	\$366,000	\$401,500	\$401,500	\$401,500	
Total Fees (462)	\$385,900	\$390,156	\$387,000	\$387,000	\$388,050	
Total A. Education	\$6,017,600	\$6,116,972	\$6,086,980	\$6,086,980	\$6,173,780	
B. General						
Total Gifts	\$0	\$36,016	\$0	\$0	\$0	
Total Parish Investment for Ops	\$357,519	\$201,896	\$43,753	\$43,753	\$43,753	
Total Special Projects/Develop.	\$25,585	\$99,076	\$25,879	\$25,879	\$25,879	
Total Investment Income	\$0	\$3,275	\$0	\$0	\$0	
Total Grants & Subsidies (475)	\$6,600	\$3,210	\$6,600	\$6,600	\$6,600	
Total B. General	\$389,704	\$343,472	\$76,232	\$76,232	\$76,232	
C. Auxiliary Services						
Total Cafeteria	\$5,100	\$9,306	\$5,202	\$5,202	\$5,202	
Total Student Activities	\$113,834	\$180,366	\$78,494	\$78,494	\$78,494	
Total Extended Day Programs	\$242,050	\$197,483	\$249,312	\$249,312	\$249,312	
Total C. Auxiliary Services	\$360,984	\$387,155	\$333,007	\$333,007	\$333,007	
Total Revenues	\$6,768,288	\$6,847,598	\$6,496,219	\$6,496,219	\$6,583,019	

TFS YE 2023 Budget/Forecast & 2024 Budget	Year 2 F/Y Budget 2022-23	Year 2 Forecast 2022-23	Year 3	Year 3	Year 3	Teacher Scale Target Base Salary Increase
			95% 5% 2023-24	97% 5% 2023-24	100% 5% 2023-24	
Accounts						
Expenses						
A. Education						
Total Educ. Wages & Benefits	\$4,631,818	\$4,354,499	\$4,988,043	\$5,056,872	\$5,162,301	78%
Total Media Center	\$6,938	\$10,767	\$7,007	\$7,007	\$7,007	
Total Instructional Materials	\$113,331	\$98,033	\$97,480	\$97,480	\$97,480	
Total A. Education	\$4,752,087	\$4,463,300	\$5,092,530	\$5,161,359	\$5,266,788	
B. General						
Total 1. Office	\$375,674	\$342,162	\$431,415	\$431,474	\$431,474	
Total 2. Special Projects / Develop	\$32,728	\$70,907	\$15,762	\$15,762	\$15,762	
Total 3. Plant	\$790,132	\$831,898	\$731,653	\$731,653	\$731,653	
Total B. General	\$1,198,534	\$1,244,967	\$1,178,830	\$1,178,889	\$1,178,889	
C. Auxiliary Services						
Total 1. Cafeteria	\$5,150	\$6,901	\$5,464	\$6,464	\$6,464	
Total 2. Student Activities	\$123,266	\$160,304	\$87,683	\$88,116	\$88,116	
Total 3. Extended Day Programs	\$6,180	\$6,080	\$7,350	\$7,391	\$7,391	
Total C. Auxiliary Services	\$134,596	\$173,285	\$100,497	\$101,970	\$101,970	
Total Expenses	\$6,085,217	\$5,881,552	\$6,371,857	\$6,442,218	\$6,547,647	

TFS YE 2023 Budget/Forecast & 2024 Budget Accounts	Year 2 F/Y Budget 2022-23	Year 2 Forecast 2022-23	Year 3	Year 3	Year 3	Teacher Scale Target Base Salary Increase
			95%	97%	100%	
			5% 2023-24	5% 2023-24	5% 2023-24	
NET TOTAL	\$683,071	\$966,047	\$124,362	\$54,001	\$35,372	
Balance Sheet: To Maintenance Reserve	\$0	\$200,000	\$0	\$0	\$0	Proposed Surplus Application
Balance Sheet: To General Savings	\$9,290	\$100,000	\$50,000	\$20,629	\$2,000	Proposed Surplus Application
Balance Sheet: Student Assistance Endowment		\$156,078	\$40,990	\$0	\$0	Proposed Surplus Application
Balance Sheet: Mortgage Principal payments	\$640,409	\$476,596	\$0	\$0	\$0	
Balance Sheet: Internal Loan payments	\$33,372	\$33,372	\$33,372	\$33,372	\$33,372	
Balance Sheet Liabilities to be covered by NET TOTAL	\$683,071	\$966,046	\$124,362	\$54,001	\$35,372	
Operational Net Total & balance Sheet Liabilities	\$0	\$0	\$0	(\$0)	(\$0)	

- **Vote Taken** – A motion to approve the proposed TFS budget for the 2023-24 school year as presented, was made and approved.

Pre-School 2023-24 Budget Assumptions:

- We currently have 153 slots for the new school year. There is capacity of 174 slots. The budget was built with a target of 160.
- The budget assumes a Tuition rate increase of 3% (approved by the Finance Council 12/01/22).
- Salaries increase at a base rate of 5% (up 2% from initial proposed budget).
- Health Insurance lowered to 5% per Diocesan guidance (down from prior budget modeled at 13.5%).
- Property & Liability insurance was up 16% from prior year.
- Maintenance Reserve Contribution continues to be \$50,000.
- For the detailed Pre-School budget file, see Rob Neppel’s note of 4/21/23 sent to the Finance Council.
- A summary of the Pre-School 2023-24 budget is shown below:

PRE-SCHOOL YEAR 2020-2021 ACTUALS			
Accounts	Year 2	Year End	Year 3
	F/Y Budget 2022-23	Forecast 2022-23	F/Y Budget 2023-24
	\$0	\$0	\$0
Revenues	<u>160</u>	<u>171</u>	<u>160</u>
OPERATING INCOME: PRESCHOOL			
PRESCHOOL: A. EDUCATION			
Total PRESCHOOL: A. EDUCATION	\$895,185	\$1,058,484	\$921,907
Total PRESCHOOL: General	\$15,935	\$70,597	\$18,312
Total OPERATING INCOME: PRESCHOOL	\$911,120	\$1,129,081	\$940,219
Total Revenues	\$911,120	\$1,129,081	\$940,219

PRE-SCHOOL YEAR 2020-2021 ACTUALS			
Accounts	Year 2 F/Y Budget 2022-23	Year End Forecast 2022-23	Year 3 F/Y Budget 2023-24
Expenses			
PRE-SCHOOL:OPERATING EXPENSE			
Total Total General Wages & Benefits	\$684,963	\$665,555	\$717,875
Total Total Media Center	\$103	\$103	\$110
Total Total Instructional Materials	\$9,793	\$10,093	\$10,610
Total PRESCHOOL:EDUCATION EXPENSE	\$694,859	\$675,751	\$728,595
PRE-SCHOOL:GENERAL EXPENSE			
Total Total Office	\$66,827	\$67,617	\$69,183
Total Total Special Projects/Develop	\$2,981	\$3,052	\$3,461
Total Total Plant	\$78,780	\$86,955	\$84,453
Total PRESCHOOL:GENERAL EXPENSE	\$148,587	\$157,623	\$157,096
PRE-SCHOOL: C. AUXILARY SERV EXPENS			
Total Total Cafeterial	\$258	\$101	\$265
Total Total Student Activities	\$2,575	\$2,598	\$3,422
Total Total Extended Day Programs	\$103	\$103	\$110
Total Total Parent Groups	\$618		\$730
Total PRESCHOOL:AUXILARY SERV EXPENS	\$3,554	\$2,801	\$4,527
Total PRESCHOOL:OPERATING EXPENSE	\$847,000	\$836,175	\$890,219
Total Expenses	\$847,000	\$836,175	\$890,219
Net Total	\$64,120	\$292,906	\$50,000
PRE-SCHOOL YEAR 2020-2021 ACTUALS			
Accounts	Year 2 F/Y Budget 2022-23	Year End Forecast 2022-23	Year 3 F/Y Budget 2023-24
To Maintenance Reserve	\$50,000	\$50,000	\$50,000
Additional to Maintenance Reserve	\$0	\$100,000	
Restricted/Donation Contributions to Endowments	\$0	\$12,333	
Additional Contributions to Endowments		\$70,000	
Balance Sheet: To General Savings	\$14,120	\$60,574	\$0
Balance Sheet Liabilities to be covered by NET TOTAL	\$64,120	\$292,907	\$50,000
cludes Operational Net Total & balance Sheet Liabilities	\$0	(\$0)	(\$0)

- **Vote Taken** – A motion to approve the proposed Pre-School budget for the 2023-24 school year as presented, was made and approved.

Offertory Update:

- Rob Neppel noted that last year, April had 4 weeks; This year April has 5 weeks
- Through 4 weeks, we are @ \$22,000 ahead of last April with one week to go.
- YTD we are about \$196,624 ahead of last year, a 6.2% increase
- Currently running about 4.2% over the plan
- Faith Direct monthly averages \$9,714 more than last year

Other:

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

VOTES TAKEN:

- A motion to approve the Finance Council Meeting Minutes from 2/28/23, was made and approved.
- A motion to approve the request for an additional \$20K for Pre-School furniture, was made and approved.
- A motion to approve the proposed TFS budget for the 2023-24 school year as presented, was made and approved.
- A motion to approve the proposed Pre-School budget for the 2023-24 school year as presented, was made and approved.

FUTURE MEETINGS:

- Schedule for 2022-23 Finance Council Meetings – All meetings start at 7:00 p.m.
Tuesday May 30, 2023 – Church and Columbarium Budgets; Year End Forecasts, Meeting Schedule for 2023-24