



The Catholic Community of
St. Francis of Assisi

Finance Council Minutes

Date: 11/28/23

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. James Singarayar	
Delynn Alexander		Bill Laxton	X	Dawn Smith	X		
Julio de la Rosa		Tom Mense				Mae Villanueva	X
Paul Fedorkowicz		Rob Neppel	X				
Heidi Hobler	X	Esperanza Neri	X				
Sarah Hoffman	X	David Nerz					

AGENDA:

Opening Prayer

Accept Minutes of 10/3/23

School Updates – TFS & Pre-School

Approval of 2024-25 Tuition Rates

Offertory Update

Endowment 3Q 23 Update

Columbarium Update

Review of Finance Council Charter/By-Laws – Discussion to take place at next meeting.

Q&A

Meeting Schedule for 2023-24 Fiscal Year

Closing Prayer

OLD BUSINESS:

- Steve Vebber and Rob Neppel expressed their appreciation to the Finance Council members for the rapid response for approval on the emergency funding request for replacement of our lift unit.
- Steve requested feedback on the Finance Council Meeting Minutes of 10/3/23.
- There were no changes requested.
- **Vote Taken** – A motion to approve the Finance Council Meeting Minutes from 10/3/23 was made and approved.

NEW BUSINESS:

School Updates:

TFS Update:

- Dawn Smith noted that as of the meeting, TFS has 669 students. Our budget assumes 660 students for this school year.

- We have opened admission for next year. We already have 74 applications pending. We are 25% ahead of last year at the same time for submitted K-8 applications.

Pre-School Update:

- Heidi Hobler noted that the presentation chart shows 162 students at the Pre-School currently, but because of some recent news on families moving out of Raleigh, we are at 158, not including the Toddler class. The budget assumes 160 students.
- She noted the playground re-sealing project was completed recently.
- We also had a great turnout for the Harvest Moon Festival. We brought in about \$18K. Most of this will be used for a facelift for our Exploration Station play area.
- Also, because of successfully filling in the Toddler Class this year, we plan to add another day next year.

TFS Proposed 2024-25 Budget:

- Please note that in addition to the information provided below, detailed proposed budget charts for both TFS and Pre-School were provided in the Finance Council Meeting Presentation package sent to the Council in Rob Neppel's email of 11/21/23.
- We built the budget for next year based on Year 4 of the 5 Year Plan Model. The Base model was updated for the following changes:
 - Maintenance Reserve contributions are now an expense item rather than balance sheet transaction.
 - Professional Development Assessment has been increased by \$3 per student.
 - Property and Liability Insurance increased by 25% -30%.
 - Model's mortgage liability is paid off and the funds are now redirected to support Teacher Salaries
 - All other expenses have been adjusted 3% for inflation.
 - Breakeven point with planned additions to reserves is now 665 students.
- Proposed budget deviations from Base Model:
 - The original 5-year plan had a goal of getting teacher salaries to the 95% level by the end of year 5. We are at the 97% range today. Next year's budget assumes we will stay at 97%.
 - Model does include some uplift in Student Assistance Tithe funding. Other income assumptions basically, remain the same (assumes 3% inflation increases).
 - Base salary increase was raised from 3% to 5% per direction from the Superintendent's Office.
- The following chart was shown:

TFS Budget / Tuition Bridge

Expense Increases:

Total Wages & Benefits	\$333,780	Required to maintain Teachers & Professional Staff at 97% of Scale (base salary increase assumed to be 5% per Superintendent's Office)
Property & Liability Insurance	\$17,022	Diocese guidance is 25-30% TYT increase
Labor related Allocation Payment	\$9,297	Assume 5% salary increase
Contract Cleaning Service	\$12,943	First increase in over 10 years
Other Supplies, Services, Utilities	\$31,719	Assume 3% inflation
Total Expense increase		\$404,761

Tuition Increase Required to cover increased expense calculation:

It Tuition was to cover full expense increase it would require an increase of: 7.6%
To Reduce the % in the increase, the following income updates were applied:

Tuition Assistance Increased:	\$17,220	4.5%	
Bridges Income	\$7,479	4.9%	
Student Activities Income	\$3,631	3.0%	
Other Misc. Income	\$11,906	3.0%	
	\$364,525	Additional tuition required to offset expense	6.9%

We reduced the increase impact by increasing the base assumption of students required to balance from 660 students (This year) to 665 (for next year). By adding these 5 additional students the increase impact was lowered to **4.9%**. It does add some additional risk on the enrollment side, but we believe it is manageable.

- The 2024- 25 TFS Tuition Schedule with a 4.9% increase:

TFS Tuition Rates

		2024 - 2025	
	Steward	Catholic	Full
Kindergarten	\$8,620	\$9,330	\$11,690
Grades 1-8	\$9,620	\$10,330	\$12,690

- There was a discussion on Opportunity Scholarships. The state has now opened it up to all families while prioritizing the lowest income families first. There is no longer a requirement that a student had to have attended a public school in North Carolina for at least one year.
- There are now 4 family income tiers in which the state will award scholarships.
 - Household income of less than \$55,000 could receive up to \$7400 per student.
 - Household income of less than \$111,000 could receive up to \$6660 per student.
 - Household income of less than \$249,750 could receive up to \$4440 per student.
 - Household income of more than \$249,750 could receive up to \$3330 per student.
- Priority will be given to those families that have applied by March 1 in which students are on Scholarship in the prior year. Priority will also be given to lower-income families. Any remaining funds will be used to support all other families.
- We assume most of our TFS families will be eligible to apply, but there is no guarantee that there will be remaining funds available. It should be noted that the change in opportunity scholarship requirements does not mean the TFS budget changes or benefits, but it does mean our families could benefit with less of a burden on them with their tuition payments. However, if more students are now able to attend TFS because of this change, then we can see a real benefit.

- Summary of TFS Proposed Budget
 - Just like the base model, the proposed budget assumes a \$200K investment to the Maintenance Reserve and \$33,372 endowment loan payment. We dropped the plan to put \$100K to the General Savings and Student Assistance Endowments.
 - The proposed budget was modeled with a 4.9% tuition increase.
- **Vote Taken** – A motion to approve the request to increase TFS Tuition by 4.9% for the school year 2024-25 was made and approved.

Pre-School Proposed 2024-25 Budget:

- We built based on Year 4 of the 5 Year Plan Model. The Base model was updated for the following changes:
 - Maintenance Reserve contributions are now an expense item rather than balance sheet transaction.
 - Professional Development Assessment has been increased by \$3 per student.
 - Property and Liability Insurance increased by 25% -30%.
 - Added a 2-day Toddler Class
 - Breakeven point with planned additions to reserves is now 164 students.
- Proposed budget deviations from Base Model:
 - Model does include some uplift in Student Assistance Tithe funding, (based on 2023-24 Offertory plan).
 - We increased Harvest Moon income (still conservative based on historical results).
 - Added income for Toddler Class, Field Day, and Summer Camp programs.
 - We dropped income assumption for Gifts/Matching Grants.
 - All other income assumptions are basically the same.
 - Base salary increase was raised to 5% per direction from the Superintendent’s Office. As a result, total Lay Personnel costs increased by \$37,241 over the current year’s budget.
- The following chart was shown:

Pre-School Budget / Tuition Bridge

Expense Increases:

Wages and Benefits	\$37,241	Based upon salary increase assumption of 5% per Superintendent's Office
Office	(\$2,880)	
Special Projects/Development	(\$102)	
Plant	\$54,161	Primarily driven by P&L Insurance increase (\$3,818)
		Maintenance Reserve contribution (\$50,000) now an expense
Auxiliary Services	\$2,106	
Total Expense Increase	\$90,526	

Tuition Increase Required to cover increased expense calculation:

If Tuition was to cover full expense increase, it would require and increase of:		11.5%
To Reduce the % of the increase, the following income updates were applied:		
Adding Toddler Class Income	\$19,226	Not included in last year's budget
Tuition Assistance increased	\$955	5.0%
Special Programs Income	\$19,632	Includes the addition of Field Day and Full Summer Camp income
	\$50,713	Additional tuition income required to offset expenses 6.5%

We reduced the increase impact by increasing the base assumption of students required to balance from 160 students (this year) to 164 (for next year). By adding these 4 additional students the increase impact was lowered to **3.5%**. It does add some additional risk on the enrollment side, but it is more than covered by including the Toddler class students in the budget.

- The 2024- 25 Pre-School Schedule with a 3.5% increase:

Pre-School Tuition Rates

		3.5%			
		Monthly Rates		Annual Rate (9mo)	
		2024 - 2025		2024 - 2025	
		Steward	Other	Steward	Other
Toddler Class		\$267	\$325	\$2,403	\$2,925
2 Year Old	2 day (9-12)	\$275	\$324	\$2,478	\$2,916
	3 day (9-12)	\$412	\$484	\$3,707	\$4,359
	5 day (9-12)	\$686	\$807	\$6,176	\$7,266
3 Year Old	3 day (9-1)	\$427	\$512	\$3,847	\$4,611
	4 day (9-1)	\$522	\$625	\$4,695	\$5,626
	5 day (9-1)	\$650	\$780	\$5,850	\$7,024
4 Year Old	4 day (9-1)	\$489	\$587	\$4,397	\$5,282
	5 day (9-1)	\$611	\$733	\$5,496	\$6,595
	5 day (9-2)	\$708	\$850	\$6,371	\$7,648
Transitional	5 day (9-2)	\$708	\$850	\$6,371	\$7,648

Stepping Stones

		3.5%							
		Monthly Rates				Annual Rate (9mo)			
		2024 - 2025				2024 - 2025			
		2 Days	3 Days	4 Days	5 Days	2 Days	3 Days	4 Days	5 Days
8:00 - 9:00 AM		\$54	\$81	\$108	\$135	\$484	\$726	\$968	\$1,211
1:00 - 2:00 PM		\$54	\$81	\$108	\$135	\$484	\$726	\$968	\$1,211
2:00 - 2:30 PM		\$27	\$40	\$54	\$67	\$242	\$363	\$484	\$605

- Summary of Pre-School Proposed Budget**
 - Just like the base model, the proposed budget assumes a \$50K contribution to the Maintenance Reserve.
 - Model assumes 164 students to breakeven. We modeled assuming all students pay at Parish Steward rate (which is conservative). We feel that there is an upside to the income. Similar to 2022-23.
 - The proposed budget was modeled with a 3.5% tuition increase.
- Vote Taken** – A motion to approve the request to increase Pre-School Tuition by 3.5% for the school year 2024-25 was made and approved.

Offertory Update:

- Through week 20, Offertory is up about \$83K higher than last year (7% increase). It was noted that when we include the latest Thanksgiving week, we are 5.6% ahead of last year.
- This year’s budget assumed a 4% increase from last year.
- Both the weekly basket and mail-in, in addition to Faith Direct, are ahead of last year.

Endowment Update:

- Rob Neppel reviewed the results of the Endowment performance for the Third Quarter (ending 9/30/23).
- The total Return for the Quarter was (-4.0%).
- A detailed chart of performance of all 14 of our Endowments was reviewed. This Chart was included in the Finance Council Meeting Presentation email from Rob sent 11/21/23 to the Council.
- We do plan to withdraw funds this year from 4 or so endowments this year mostly to support Faith Formation activities.

Columbarium Update:

- The Columbarium Committee met on November 8th to discuss the fast pace of Niche sales (Averaging 10-12 per month).
- At the current pace, the new section will be sold out in 4-5 years.
- The original plan assumed 2-3 per month (based on history) which was thought to provide us with enough niches for 20 to 25 years. It also assumed a 20% price increase every 5 years. In addition, the plan assumed the Endowment would have grown sufficiently to support a future expansion.
- We are at the point now, where we need to address a strategic question of whether we plan for another expansion or do we say, “what we have is it”?

Columbarium Committee Recommendation/Action:

- The Committee believes the strategic question needs to be resolved by the Councils (Finance & Pastoral), the Community at large, and the Pastor.
- In the meantime, the Committee has proposed the following actions:
- Apply a 20% increase to Niche prices effective January 1, 2024.
- Conduct a site walk to identify potential locations for expansion. A walk was conducted on November 14th (Bill Laxton, Terry Healy, Rob Neppel). They evaluated multiple locations. Terry Healy is preparing a report which should be available in early December. The mound area behind the church appears to have the most potential.
- All agree there is a sense of urgency if the pace of sales does not drop off.
- The last expansion took 3 years from the start of designing to completion.

Niche Prices if 20% Increase is Approved (Effective January 1, 2024):

- **St. Francis Parishioner:**
Single Niche - \$7,920
Double Niche - \$9,500
Memorial Plaque - \$1000 (no change)
Infant Niche - \$800 (no change)
- **St. Francis Stewards:**
Single Niche - \$3,960
Double Niche - \$4,750
Memorial Plaque - \$500 (no change)
Infant Niche - \$400 (no change)
- It was noted that in the past, a price increase took place every 5 years which equated to about 100 Niches being sold. We are already at that level.
- **Vote Taken** – A motion to approve a 20% price increase on the Columbarium Niches effective January 1, 2024, was made and approved.

Finance Council Charter / By-Laws Discussion:

- This discussion will take place at the next Finance Council Meeting.

VOTES TAKEN:

- A motion to approve the Finance Council Meeting Minutes from 10/3/23 was made and approved.
- A motion to approve the request to increase TFS Tuition by 4.9% for the school year 2024-25 was made and approved.
- A motion to approve the request to increase Pre-School Tuition by 3.5% for the school year 2024-25 was made and approved.
- A motion to approve a 20% price increase on the Columbarium Niches effective January 1, 2024, was made and approved.

OTHER:

- Msgr. Clay provided his approval and acceptance of all recommendations and votes taken during this meeting.

FUTURE MEETINGS:

- Schedule for 2023-24 Finance Council Meetings – All meetings start at 7:00 p.m. on Tuesdays.
January 30, 2024 (note this is a change from prior schedule)
March 12, 2024
April 30, 2024 – Approval of School Budgets for 2024-25
May 28, 2024 – Approval of Church & Columbarium Budgets for 2024-25