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The Catholic Community of

St. Francis of Assisi

**Finance Council Minutes**

**Date:** 4**/30/24**  **Time:** **7:00 p.m.**

Attendance:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Members** | **Present** | **Members** | **Present** | **Members** | **Present** | **Members** | **Present** |
| Steve Vebber | X | Sarah Hoffman | X | Esperanza Neri  | X | Msgr. Michael Clay | X |
|  |  | Reji John | X | David Nerz | X  |  |  |
| Delynn Alexander  |   | Steve Joseph | X | Luke O’Rourke | X | Fr. James Singarayar | X |
| Lachlan Cox |  X | Arvie Lacson | X | Clare Pope | X | Mae Villanueva |  |
| Graham Dixon | X | Bill Laxton | X | Peter Russo |  |  |  |
| Paul Fedorkowicz | X | Tom Mense  | X | Dawn Smith | X |  |  |
| Heidi Hobler  | X | Rob Neppel | X |  |  |  |  |

**AGENDA:**

**Opening Prayer**

**Accept Minutes of 3/12/24**

**School Updates – TFS & Pre-School – Votes to Approve Projects**

**Presentation of 2024-2025 School Budgets Votes to Approve Budgets**

 **TFS**

 **Pre-School**

 **Offertory Update**

**Q&A**

**Next Meeting May 28, 2024 - Church & Columbarium Budgets & Year End Forecasts**

**Closing Prayer**

**OLD BUSINESS:**

* + Steve Vebber requested feedback on the Finance Council Meeting Minutes of 3/12/24.
	+ There were no changes requested.
	+ **Vote Taken** – A motion to approve the Finance Council Meeting Minutes from 3/12/24, was made and approved.

**NEW BUSINESS:**

**School Updates:**

**TFS Update:**

* + Dawn Smith provided a staffing update for TFS. She noted that as of today, 1 Teacher and 2 ITA’s will not be returning for the new school year. These positions have already been back filled. There will be some shuffling of positions between the grade levels.
	+ As of the meeting, 668 students have enrolled for next school year. We also have 7 pending offers and 3 students that have yet to re-enroll. We also expect to continue to add during the summer.
	+ She also provided a view of financial assistance requested over the past several school years. In 2019-20, we had 91 families (143 students) requesting assistance of $390K. This current school year 2023-24, we have 102 families (161 students) requesting $643K.
	+ Of the $643K, approximately $382K is funded by Tuition Assistance from the church tithe, $214K from Opportunity Scholarships and the remaining from other Scholarships like AAMEN and GWOC.
	+ Dawn then provided background on her request to upgrade TFS’s playground. She is looking to replace one swing set with an arc swing and also be adding the Wolf’s Den for the younger students. Slides of the project were shown. She requested approval to proceed with $55,000 worth of playground renovations.
	+ We already have the funding to cover this with $17,000 available from prior restricted gifts received and $38,000 coming as grant from the Home & School group.
	+ **Vote Taken** – A motion to approve the funding request for $55,000 to upgrade the TFS playground, was made and approved.

**Pre-School Update:**

* + Heidi Hobler noted that as of 4/24/24 we have 173 spots filled for the upcoming school year. Our budget assumes we will have 164. We have capacity for 182.
	+ She then provided an update on Exploration Station (playground by the front entrance). She noted the total project cost for this upgrade is $33,000 (made up of $5K for the blueprint design fee and $28K for installation). We already have the funding to cover the entire project with $17,000 coming from this year’s Harvest Moon fundraiser and $16K from restricted gifts already on hand. Slides of the project were shown.
	+ She noted that the blueprint design of $5K has already been paid through the Harvest Moon funds. She requested approval to proceed with the installation of the playground which will cost $28,000.
	+ **Vote Taken** – A motion to approve the funding request for an additional $28,000 for the installation of the Pre-School Exploration Station playground, was made and approved.

**Budget Process Overview:**

* + Rob Neppel noted that both school budgets are based off Year 4 (2024-25) models of the 5 Year Plan work.
	+ We revalidated the assumptions used to build the models with a focus on tuition calculations.
	+ The Diocese also provided additional guidance on assessments for the schools, revised teacher salary scales and a base salary Increase guidance for all personnel. In addition, they provided insurance rate increases for both property & liability and medical insurance.
	+ The bulk of the expense budget line items are consistent with the original models. The changes where major deviations exist are related to salaries (base 4.5% increase vs. 3%), plus we accelerated closing the TFS teacher salary gap to the published teacher scale (now at 97% vs. our target when we did the 5year plan of 95% only by the end of 5 years). This acceleration was made possible by paying off the TFS mortgage early.
	+ Overall, while the budgets are a bit more aggressive than the prior two years, they represent what the principals and finance feel are achievable.
	+ Both schools have already met and exceeded the enrollment thresholds upon which their budgets were built.

**TFS Proposed Budget for 2024-25:**

* + As a result of the large surplus generated by implementation of the Year 1 plan, we felt it was important to revalidate the assumptions used in the model to project tuition income. Tuition rates were calculated using the following enrollment demographics:
		- 76% in Parish Steward Rate
		- 11% Catholic
		- 13% Non-Catholic / Full Tuition
	+ The above numbers are very similar to the ones calculated during the past school years. As a result, we have refined the tuition calculation by applying the above percentages across all the tuition rates.
		- The calculated breakeven point for enrollment to support the 97% salary scale plan is 665.
		- Currently 2024-2025 enrollment stands at 667.
		- We remain confident we will be in the enrollment “sweet spot” range of 660-670.
	+ Increases:
		- Tuition rates increased by 4.9% (Finance Council approved 11/28/23)
		- Salaries have a base average increase of 4.5%, additional increases were provided to maintain the teachers at 97% of the scale.
		- Health Insurance increased by 2% per Diocesan guidance.
		- Property & Liability Insurance up 30% per Diocesan guidance.
	+ We will continue to contribute $200,000 to the Maintenance Reserve.
	+ A summary view of the TFS budget was shown. The detailed view was included in the package provided in Rob Neppel’s note to the Finance Council on 4/25/24.





* + It was noted that the 4.5% base salary increase assumed in our 2024-25 budget (for those not measured to the scale) is still subject to change. It is possible that we may have to tweak this if we are unable to meet the offertory budget for the current year.
	+ In the detail charts, the revenue budget contained an $18.8K placeholder (infusion from savings or endowments) to break even. The expense budget contained $42.4K in capital repairs which should be covered by Maintenance Reserve funds. The removal of these lines would result in a bottom-line improvement of $23.6K to the TFS budget.
	+ **Vote Taken** – A motion to approve the proposed 2024-25 school year budget for TFS, pending removal of the $18.8K revenue placeholder line item and the $42.4K capital repair expense line item (resulting in a $23.6K improvement to the bottom line), was made and approved. It was also understood that once the offertory actuals for the current year are known, the assumption for a base salary increase of 4.5% may have to be adjusted (for those who are not measured to scale).

**Pre-School Proposed Budget for 2024-25:**

* + Current enrollment - 173 slots have been filled against our capacity of 182. The budget for the next school year was built assuming 164 slots would be filled.
	+ Increases:
		- Tuition increased by 3% (Finance Council approved 11/28/23)
		- Salaries base average increase of 4.5%
		- Health Insurance up 2% per Diocesan guidance.
		- Property & Liability Insurance up 30% per Diocesan guidance.
		- Leasing new Teacher Laptops @ $5,400 per year (4-year lease).
	+ We will continue to contribute $50,000 to the Maintenance Reserve.
	+ A summary view of the Pre-School budget was shown. The detailed view was included in the package provided in Rob Neppel’s note to the Finance Council on 4/25/24.



 The columns shown represent 2023-24 & 24-25. Column 2 (Yr. 3) should read 2023-24.



* + **Vote Taken** – A motion to approve the proposed 2024-25 school year budget for the Pre-School, was made and approved. It was also understood that once the offertory actuals for the current year are known, the assumption for a base salary increase of 4.5% may have to be adjusted.

**Offertory Update:**

* + Rob Neppel noted that Last year, April had 5 weeks; This year April has 4 weeks.
	+ Through week 43, we are ahead of last year by $67.9K, (2%). Our budget assumed a 4% year-to-year increase by the end of the year. Whether that will be attainable is to be determined.
	+ Faith Direct currently averages $4,000 per month less than last year. About 60% of our offertory comes through Faith Direct.

**Discussion:**

* + Rob Neppel provided the results of the First Quarter 2024 performance of our Endowments. Our portfolio increased 4.4% from the prior quarter.
	+ A copy of the latest Finance Council Charter / By-Laws was provided in Rob Neppel’s note of 4/5/24 to the Council.

**VOTES TAKEN:**

* + A motion to approve the Finance Council Meeting Minutes from 3/12/24, was made and approved.
	+ A motion to approve the funding request for $55,000 to upgrade the TFS playground, was made and approved.
	+ A motion to approve the funding request for an additional $28,000 for the installation of the Pre-School Exploration Station playground, was made and approved.
	+ A motion to approve the proposed 2024-25 school year budget for TFS, pending removal of the $18.8K revenue placeholder line item and the $42.4K capital repair expense line item (resulting in a $23.6K improvement to the bottom line), was made and approved. It was also understood that once the offertory actuals for the current year are known, the assumption for a base salary increase of 4.5% may have to be adjusted (for those who are not measured to scale).
	+ A motion to approve the proposed 2024-25 school year budget for the Pre-School, was made and approved. It was also understood that once the offertory actuals for the current year are known, the assumption for a base salary increase of 4.5% may have to be adjusted.

**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.

May 28, 2024 – Approval of Church & Columbarium Budgets for 2024-25

* + Schedule for 2024-25 Finance Council Meetings – All meetings start at 7:00 p.m. on Tuesdays.

August 13, 2024 - Prior year wrap up summary

October 15, 2024 - Fall / Winter Maintenance Projects

November 19, 2024 - Approve School Tuition Rates

January 14, 2025 - Mid-Year Checkpoint

March 11, 2025 - Spring / Summer Maintenance Projects

April 29, 2025 - Approve School Budgets

May 27, 2025 - Approve Church & Columbarium Budgets