

SECTION X:

Finance

STANDARD 10:

The School Has a Financial Plan to Accomplish Its Mission.

OVERVIEW:

List significant changes that have been made by your school in this area during its previous accreditation cycle.

- Since year 2000, St. John's has made numerous facility changes and improvements using substantial financial resources generated from its members, school families, other outside parties and loans from the Lutheran Church Extension Fund (LCEF). Highlighting these improvements were two large building/ facility addition projects, the most recent of which was completed in 2008. These projects and other initiatives have added the following significant changes to our School's physical facility footprint:
 - Full service gymnasium
 - Science lab
 - Music/band room
 - Expanded computer lab and computer equipment
 - Special education services area
 - Separate Pre-K and Kindergarten class rooms
 - Expanded school library space
 - Expanded office space for principal and school/church secretary
 - Expanded and enhanced school nurse's area
 - Expanded and improved cupboard and storage spaces

The two major building projects totaled approximately \$3.6 million; however, due to the generosity of our congregational and school giving bases, the current LCEF loan balance for these two projects is only approximately \$1.25 million (as of June 2012).

Other significant changes and improvements in this area include:

- A move to bring salaries and compensation in-line with Synod Guidelines
- Creation of a separate Treasurer position and a paid Bookkeeper position
- Establishment of a separate Compensation Committee of the church's Board of Administration to oversee compensation and benefits programs and changes
- Integration of the church and school budgets into a single unified Annual Operating Plan
- Separation of financial responsibilities for the school's operating bank account

REQUIRED INDICATOR OF SUCCESS:

Indicate whether or not the school meets the required indicator of success by circling **Yes** or **No**.

- YES NO 10:01 The school has a three-year financial plan, based on sound, realistic assumptions, supported by empirical data, to insure continuing financial Support. The plan provides for

quality educational program including necessary staff, adequate facilities and equipment, instructional resources and other support services that allow the school to achieve its goals.

Evaluate the level of implementation for each of the other indicators of success. Tally and record your point total at the end of this section.

GENERAL INDICATORS OF SUCCESS:

10:02 The congregation(s) provides financial support for the school.

Met in Full (3) **Mostly Met (2)** **Rarely Met (1)** **Not Presently Met (0)** _____

COMMENTS:

The church historically provides between 30-40% of the total annual cost of operating the school. For the 2012-13 school year, the church is budgeted to provide approximately 32% of the funding to operate the school. Funding for the school from the church includes, but is not limited to, salaries and benefits, facilities, utilities, and other operating costs.

10:03 The school administrator is responsible for developing and recommending a budget and managing the budget (expenditures).

Met in Full (3) **Mostly Met (2)** **Rarely Met (1)** **Not Presently Met (0)** _____

COMMENTS:

The Compensation Committee of the Board of Administration (BOA), which includes members of the Board of Education (BOE) and the school administrator (principal), recommends and presents staff salary increases and compensation/benefits budgets for approval by the Board of Administration. All other school-related expense items are budgeted by the Board of Administration with input from all operating Boards of the church and school, including the Board of Education. The BOA reviews and incorporates all budget data, assumptions, and Board inputs into an integrated, combined church and school fiscal budget. The final budget is submitted for approval first by the church's Board of Deacons, and finally by the Congregational Assembly. In summary, the primary responsibility for developing, presenting, and managing the budget lies with the Board of Administration, with monitoring and assistance provided by all other operating Boards of the church and school, including the Board of Education. The principal also provides valuable input into the budgeting and planning process.

10:04 The board approves an operating budget for the school.

Met in Full (3) **Mostly Met (2)** **Rarely Met (1)** **Not Presently Met (0)** _____

COMMENTS:

The BOE and principal provide input and recommendations to the BOA and the Compensation Committee during the preparation of the annual operating plan and budget. The BOA approves the school operating budget prior to review and approval by the church's Board of Deacons and ultimately the Congregational Assembly. In addition, the BOE manages and allocates all registration fees collected. These fees are used to fund items for school operations not funded within the annual operating budget (i.e. books, athletic uniforms, field trips, library and certain curriculum-related expenses, bus operating costs, and other items).

10:05 The school financial plan is coordinated with the operating congregation's financial plan.

Met in Full (3) **Mostly Met (2)** **Rarely Met (1)** **Not Presently Met (0)** _____

COMMENTS:

The school's annual operating plan and budget has always been combined with the overall church and school's financial plans/budgets on a yearly basis. However, beginning with the 2005-06 budget, the school and church budget models were incorporated into a single operating plan and budget through the combined efforts of the Boards of Administration and Education.

10:06 Sources of income and expenditures reflect the school philosophy and promote student growth.

Met in Full (3) **Mostly Met (2)** **Rarely Met (1)** **Not Presently Met (0)** _____

COMMENTS:

We have limited but adequate finances which enable us to maintain our philosophy. Income and financial support is obtained through tuition, registration fees, and church general fund support (as described in Attachment No. 1-Financial Funding Overview), and to a lesser extent through donations, memorials, state aid programs, matching gifts, and grants. There have also been Scholarship Funds established (discussed in 10.10 below) which may provide future support to the school.

10:07 Salaries reflect the current district recommended salary scale and salaries are reviewed annually.

Met in Full (3) **Mostly Met (2)** **Rarely Met (1)** **Not Presently Met (0)** _____

COMMENTS:

Salaries are reviewed annually in connection with the annual operating plan and budgeting process. Over the past several years, salary setting had begun to drift and vary from the district's salary setting model and have gradually fallen behind district recommended guidelines, due to budget constraints. During the 2012-13 annual operating plan and budget process, the Compensation Committee "re-harmonized" the salary/compensation setting model to be consistent with the district's model. However, salaries still could not be brought up to full district guidelines, again due to budget constraints. Therefore, the Compensation Committee factored down the district's recommended starting base salary rate to a level the church and school could afford given its projected income levels. No other aspects of the district's salary setting model were altered. For the 2012-13 budget, this resulted in relatively small salary increases for most school staff and larger salary increases for a few school staff. The Compensation Committee will work towards moving future salary levels closer to district guidelines if projected revenue and income levels allow.

10:08 The budget is managed responsibly, using appropriate bookkeeping procedures and safeguards.

Met in Full (3) **Mostly Met (2)** **Rarely Met (1)** **Not Presently Met (0)** _____

COMMENTS:

Procedures and approvals have been established for ordering and maintaining the financial budget in general. Financial reports are given yearly to the congregation, and monthly to the Board of Education and Board of Deacons. In 2009, a paid bookkeeper position was added to handle the day-to-day transaction processing and bookkeeping activities for the church, which includes the General Fund. The General Fund pays a large portion of the school's operating costs. In 2010, a separate Treasurer position (non-paid) was established to oversee the recordkeeping, accounting and reporting for the church. The church Treasurer also serves in an advisory role to the School's finance-related activities of its Board of Education. The BOE has segregated financial responsibility for tuition; collections and deposits (cash inflows) from check writing and reporting (cash outflows) for the financial activities it undertakes. Independent audits are encouraged for the future (the last audit occurred for fiscal year 2002).

10:09 Funds provided by auxiliary organizations are allocated according to board policy and in consultation with the school administrator

Met in Full (3) **Mostly Met (2)** **Rarely Met (1)** **Not Presently Met (0)** _____

COMMENTS:

The Parent Teacher League (PTL) provides a significant funding source for the school. The PTL operates under the auspices of the BOE and works with the BOE, principal, and school staff to identify and raise funds for capital improvements, school equipment, school programs, school events, staff expenses, field trips, etc. The PTL raises between \$50,000 and \$75,000 per school

year in its fundraising activities. The majority of this total comes from the annual St. John's School Walk-a-thon event, held each spring.

Thrivent Financial for Lutherans, through its "Thrivent Choice" program, provides matching funds to support both the church and school.

10:10 Financial assistance is available to families with limited financial resources.

X Met in Full (3) **Mostly Met (2)** **Rarely Met (1)** **Not Presently Met (0)** _____

COMMENTS:

Financial assistance is provided in that no church member family can be denied access to our school because of financial reasons. Church members are expected, but not required, to pay tuition. Both members and non-members receive financial assistance in the form of the standard tuition discount (explained in Attachment No. 1-Financial Funding Overview), meaning that no family attending the school pays the full Cost of Education. Non-members pay the maximum amount of tuition that the BOA deems necessary for the operation of the school.

In 2004, the BOE established the St. John's K-8 Scholarship Fund, funded by individual donations, bequests and memorials, to supplement the school's tuition funding structure and provide a source of tuition assistance for families which meet financial need and other criteria. The initial bequest to establish this Scholarship Fund was received in 2005. As of May 2012, the Scholarship Fund totaled approximately \$28,000. A Scholarship Committee, consisting of at least one current representative from the BOE, administers the fund, screens applications and recommends grants to the full BOE. Grants under this Scholarship Fund began for the 2006-07 school year, but have been relatively small in number and size, as the Scholarship Committee desires to build the Fund to become self-perpetuating. Various fundraising activities (spaghetti dinners, fish fry, etc.) have been done since the Fund's establishment to support this effort.

In addition, other scholarship and/or student assistance funds are in various stages of discussion and/or planning. These potential funds are funded through specific gifts or bequests and likely would have a finite financial life. As these plans become more concrete, it is possible that some of these funds may be combined, or rolled into, the K-8 Scholarship Fund.

ANSWER THE FOLLOWING QUESTIONS:

- A. Is the REQUIRED Indicator of Success complete and available for review? **Yes**
- B. What is your GENERAL Indicators of Success point total for Standard 10?
- C. Is the total for the GENERAL Indicators of Success a minimum of 18 points? **Yes**
- D. Have you provided comments or explanation for proposed actions to meet any of the GENERAL Indicators of Success that have not been fully met? **Yes**