

Overview of School Funding

Diocesan/Good Shepherd Parish Financial Overview

The Diocese of Harrisburg serves as the “banking” partner for the parishes of the Diocese for financial assets and liabilities through the Harrisburg Catholic Administrative Services which is controlled by the Diocese. Each parish has its own account with which basically has formed its own savings and loan. It is into this designated parish account that the funds of a parish are deposited and against which all liabilities and loans are credited.

In the parish account for fair and accurate accounting, organizations/activities have segregated sub-accounts in order to insure that funds collected can be credited to the appropriate entity and actual results can be tracked to budgets. While all funds are deposited into the parish account, bookkeeping functions insure that they are credited to the appropriate organizations/activities in the parish structure. At Good Shepherd the parish account has segregated accounts for Church, School, After School Care and Religious Education (CCD). Funds are co-mingled, but separately identified so that each program with an account has access to the funds in the respective organizations/activities accounts.

Church is an account from which regular church expenses are paid (e.g. monthly utility bills, repairs and maintenance, salaries for parish personnel, benefits expenses, etc.) and it is into this account that the Sunday and holyday collections are deposited.

The School Program has its own budget and segregated account within the parish financial statement which is administered by the Principal and Finance Council. School bills are paid and are credited against the annual School budget. Tuition payments via Tuition Management are the largest deposits into this account.

The **After School Program** also has its own budget and segregated account within the parish financial statement, which is administered by the director of the program. At the end of the fiscal year, income over expenses assists with expenses of the School that are not covered by tuition, fundraising and the parish subsidy.

Checking Accounts

The Diocese permits organizations/activities (i.e. sports, CCW, KofC), to maintain a non-interest bearing checking account in a local bank, with a maximum balance of \$3,000. These accounts are established through the Parish Office for control and reporting purposes. If an organization goes over \$3,000 in holdings, the group must open a savings account with the Diocese for the overage. These organization savings accounts, serviced by the Diocese, do not reflect in the Parish financial statements or budget. The interest that is accrued is credited to the organization’s account. Organizations with diocesan savings accounts are provided monthly statements from the Parish Office.

The **Parent Teacher Organization** has a separate checking account that was set up through the Parish Office and is administered by the PTO. It is into this account that annual dues and revenues from PTO activities are deposited. In recent years the PTO has been successful in its fundraising efforts and before the close of the fiscal year has been able to make a financial contribution to the School. This assists with the expenses not covered by tuition and the parish subsidy.

The Three Legged Stool

The school program operates on a well developed annual budget; 80% of which is designated for salaries and benefits for the school staff (i.e. Principal, faculty, and staff). The benefits package provided by the School is directed by the Diocese. Income to finance the School program comes from three sources, often described as a “three legged stool.” The three legs represent the three sources of income which are tuition income, parish subsidy, and fundraising proceeds.

Tuition income is realized from family commitments, through an annual contract to help cover the actual cost of educating a student. It is important to understand that the total actual cost to educate a Catholic child is greater than the Catholic Student Full Tuition rate. Catholic students are “subsidized” by the parish with the understanding that Catholic families are attending Church regularly and contributing to the parish collection on Sundays. Non-Catholic families are asked to pay full tuition for each student which approximates actual cost.

The Parish Subsidy is provided by Good Shepherd Parish from the Ordinary Income that is collected in the regular Sunday and holyday collections. A benchmark of 27% of Ordinary Income has been set by the Diocese for the Parish Subsidy.

Fundraising proceeds and other income (i.e. gifts, etc.) is the third source of revenue. Tuition commitments and the Parish Subsidy provide about 91% of the funds needed to cover the actual expenses of the School program. The remaining 9% must come from school related organizations and fundraising (i.e. Giant A+, SCRIP, Dinner Dance, etc).

The goal in any given year is to see the school program support itself with revenues from the three above mentioned sources. If the efforts are unsuccessful in achieving this goal at the end of a given year, the parish must step in to cover the shortfall with an extended subsidy from the general parish fund and corrective measures will be considered for the subsequent year to prevent a recurrence of the same outcome.

Fundraising

The two major school related entities that produce income are the PTO and the After School Care Program. Each of these entities has its own separate checking account or Diocesan sub-account and is responsible for the administration of the account. In recent years both of these entities have been able to make significant contributions at the end of the school year to support the financial needs of the school program.

Funds donated/paid to the Good Shepherd School are designated to the School account. As mentioned above, Good Shepherd School account has a separate Diocesan sub-account within the parish family of accounts, along with any other organization/activity that raises/collects funds.

It is expected that the School Board of Education, through its Finance and Development Committee, will assume the responsibility to plan and execute appropriate fund raising activities to ensure that the operating budget of the School program is balanced and therefore does not require a Parish Subsidy *exceeding* the Diocesan guideline. The School Board should also provide input with respect to school needs affecting the overall capital plan of the parish (capital expenditures).

Capital Expenditures

Whenever a major repair is needed or physical enhancements are made to the School building or property, the parish pays the affiliated costs. These types of capital expenditures are not charged to the School program.

Interest and Payments on the School Building Loan

Diocesan guidelines maintain that the Church make all loan and interest payments. Our current building debt comes out of the parish revenues. The School budget is *not* burdened with either the principal or interest payments on the facility.

Principal's Checking Account

The School Principal has a "pass through" checking account serviced by a local bank. Money collected at the School for specific purposes are held in this account and are dispensed when needed. Some examples of transactions that pass through this account are: field trips, hot lunch, PEAK, Student Council, and mission collections. This account is reconciled and reviewed monthly by a member of the Parish Finance Council and is not reflected in the Parish financial statements or budget.