

# Future Proposal to Merge the “St. Paul’s Ministry” and “Parish Improvement” Funds

**This is an informational letter to the congregation intended to communicate two things:**

- 1) How our current funds at St. Paul’s have been utilized over the past 25+ years**
- 2) The church council has been considering a recommendation to merge the “St. Paul’s Ministry” (General Fund) and “Parish Improvement” Funds, and why.**

First, an explanation of our three primary funds.

The **St. Paul’s Ministry Fund**, (which from here on out will be referred to as the **General Fund**) is used to pay the majority of expenses that our congregation incurs. This includes the salaries, wages, and benefits of our called and staff workers. It also funds many of the day to day expenses such as utilities and all church and school related supplies. The General Fund accounts for approximately 80% of the total St. Paul’s annual budget.

The Synodical **Mission Fund** is used to support the greater Wisconsin Evangelical Lutheran Synod (WELS) and its many efforts. This includes funding World and Home Missions, our Synodical schools (which includes Michigan Lutheran Seminary), and many other critical endeavors. At St. Paul’s, every dollar that is donated to the Mission fund is sent directly to our Wisconsin synod each month. The Mission fund accounts for approximately 12% of the total St. Paul’s annual budget.

The **Parish Improvement Fund** is used to fund the repairs, services, and upgrades to our church and school facilities and grounds. It is also used to fund housing loans and moving expenses for our called workers. The Parish Improvement Fund was implemented around the timeframe when the current school was built (1961). It is believed that the intention of the fund was also to build a reserve of cash in case large expenses or repairs were needed for our church and school facilities. The Parish Improvement Fund accounts for approximately 8% of the total St. Paul’s annual budget.

## **Offerings:**

Each week, all offerings received are counted by the Board of Finance and Financial Secretary, and a record is kept of how much was donated to each fund. All offerings received for the three funds, regardless of which fund they are designated to, are deposited to a single checking account at our local bank. Monthly, a check is sent out by our congregational treasurer to the Wisconsin Synod in the full amount that was offered to the Mission Fund. The remainder of the offerings are used to fund the expenses of both the General Fund and the Parish Improvement Fund.

## **Our current situation and mode of operation for the previous 25+ years:**

For many years now, the offerings received for the General Fund have not kept up with expenses. On the other hand, each year a small excess has been received in the Parish Improvement Fund versus expenses. In order to prevent the congregation from needing a loan from our local bank, the congregation has regularly “borrowed” from the excess offerings to the Parish Improvement fund to cover the expenses of the General Fund. The amount borrowed each year has been recorded. This amount has built over the years, and is what has been regularly referred to as the **“General Fund deficit.”** This deficit currently stands at approximately \$215,000. This deficit is just “on paper”, as the excess Parish Improvement funds, and the borrowed General Fund monies have come from the same bank account.

The majority of Parish Improvement fund excess has been used up by the need of the General Fund each year. Even though the intent of the Parish Improvement fund was to cover large projects needed at the church and school, this has

not been possible, as the funds simply have not been available. Instead, recent large projects such as the school and church roof replacements, as well as the 150<sup>th</sup> anniversary renovations in the church, were covered through LACE loans and are paid off through generous donations by our members.

**Again, all of these funds go into and come out of one local bank account.** Currently, the “Cash on Hand” in the account is approximately \$70,000. Monthly budgeted expenses for the combined General Fund and Parish Improvement Fund is roughly that same amount, approximately \$70,000. So as you can see, our congregation only has one month’s worth of expenses in the account. This is how we have operated for many years now. **This highlights the need and importance of regular generous offerings, supporting the teachers for our children, the Pastors for our congregation, and our beautiful facilities. Our School and Church rely on the regular offerings each week. We praise God for the generous weekly offerings of his people in support of St. Paul’s ministry, without which St. Paul’s would not be able to operate. Glory be to God for His generosity to us in Christ and the responsive generosity of his people in thanksgiving to Him!**

### **The Proposal:**

The Church Council, Pastors, School Principal, and others have discussed a proposal to merge the General Fund with the Parish Improvement fund. This is essentially how St. Paul’s has operated over the last decade or more. The purpose of doing this is to eliminate confusion regarding how the two funds are used and the existing “deficit” situation. By merging the two funds, the amount borrowed by the General fund and the previous excess that was offered to the Parish Improvement fund, would cancel. On paper, this would essentially eliminate the “General Fund Deficit”. On the other hand, it would also eliminate any recorded excess offerings that were given to the Parish Improvement Fund. The balance of the new combined fund would much closer reflect our available cash on hand and allow for easier communication to the congregation. This would also simplify the offering recording process and overall record keeping needs.

This is not a proposal for a unified budget. If approved, St. Paul’s would have two funds listed on our offering envelopes. One fund would cover the combined expenses of both the General Fund and the Parish Improvement Fund. The other would be the existing Mission Fund, which would not change in any way versus its existing purpose and use. All offerings received to the Mission Fund would continue to go straight to our Wisconsin Synod as they do today.

### **What now?**

Of course, in situations like this there will be those who may agree with the proposal, and those who may not.

Those who currently donate specifically to the Parish Improvement Fund, or have in the past, may not like the fact that this proposal redirects those offerings to a combined fund. If this is the case, we urge you to voice your thoughts to our Pastors or one of our Church Council members. Your input will be used in our discussions. Ultimately, if the council decides to move forward with this proposal, it will be presented in a future quarterly voters meeting. No action will be taken unless approved by the voters of the congregation. We encourage as much input as possible. We are targeting to address this proposal in the April 2017 voters meeting if the council decides to move forward with the proposal. Thank you!

In Christ,

The Church Council of St. Paul’s