

Annual Congregational Meeting Minutes
January 29, 2017

In Attendance:

Pastor Rick Skare, *Senior Pastor*
Pastor Keith Long, *Pastor of Congregational Life & Growth*
Tyler Strom, *Minister of Faith in Action*
Loren Smith, *President*
Michelle Andersen, *Vice President*
Josh Holland, *Treasurer*
Rae Ann Hallberg, *Secretary*
Jim Peterson, *Member at Large*
Linda Thomas, *Director of Operations*

106 Total Congregation members

Meeting was called to order by Loren Smith

Agenda Items:

Presentation of Meeting Instructions and Agenda:

Loren Smith, President

Questions: None

Review of the 2016 Annual Minutes

Vote to approve the 2016 Annual Meeting Minutes:

Motion: Glenn Nemec
Seconded: Paul Kennedy

Discussion: None

Vote by show of hands: 0 opposed. Motion passed.

2016 Financial Report

Linda Thomas, Director of Administration

Totals through Dec. 31, 2016:

Regular Offerings in 2016: \$1,169,631
Budgeted Offerings in 2016: \$1,215,348

Total Church Operations Income in 2016: \$1,401,245
Budgeted Church Operations Income for 2016: \$1,470,029

Total Church Expenses in 2016: \$1,426,885
Budgeted Total Church Expenses in 2016: \$1,470,029
Total Income Against Expenses in 2016: (\$25,639)

Discussion:

Paul Kennedy: Why was the loss for the year different than our loan at the bank?

Linda Thomas: There was a \$9,000 error in our books and we are trying to find it.

Glenn Nemeck: What will we be doing with the surplus in the building fund?

Linda Thomas: We typically put any surplus it towards the principal but there are many options.

Loren Smith: The Building refinance itself is currently being processed; once that is finalized the Executive Team will decide how to best allocate the savings.

Presentation of the Proposed 2017 Operations & Ministry Fund Budget

Michelle Anderson, Vice President and Loren Smith, President

Michelle Andersen gave an explanation of why we ended up with a shortfall. The congregation has pledged \$45K to offset the \$37K overage. The Executive Team presented an honest budget to budget meeting of \$1.55 million on January 25, which was \$140K over projected offerings. Feedback from meeting attendees was strong that we needed to present a balanced budget.

The Executive Team is now presenting a bare bones budget, which includes an increase for calling Tyler & Kristin, but not a 1.5% increase in staff salary. The team spent many hours meeting and made many cuts.

Elk River Lutheran has reached out to Word of Peace about giving us \$36K to share some of our CYF staff with them to help grow their Children, Youth & Family ministry. If this doesn't work out we will be forced to make more cuts. Pastor Rick will work with them and come up with a proposition at the end of March.

We have removed the cost of sending a paid employee on a mission trip in 2018, cut team [and staff] budgets, increased church school and confirmation fees.

We have an income problem. Church leadership feels the support of our Operations & Ministry Fund is important enough to put the building appeal on hold for now.

Some reasons why we had the deficit are:

- We added one Christmas service and had an increase in attendance but a decrease in offerings.
- In 2015 we received a \$17K tax rebate that was a one-time rebate.
- We were \$46K short in promised pledges
- We had a \$23K surplus carry-over from 2015 to 2016 and do not have that cushion this year.
- We had a \$46K salary increase (increased medical insurance, change in 2016 pay periods, and \$11K incremental change by adding the 2 needed ¾ time pastors.)

Things that should help:

- We refinanced our mortgage so we are saving \$46K per year in mortgage payments.
- We need to begin education and socialization efforts.
- Every family needs to do their part in discipleship to support the church.
- More fundraising events – but we will need more volunteers to help.
- A task force to come up with ways to help build income for the church.
- Ideas are welcome!

2017 Budget Information:

Offerings: \$1,228,113

CYF: \$197,180

Other Income: \$29,572

Events: \$18,500

Total Income: \$1,473,365

Total Expenses: \$1,473,365

Increase in Fees: Church school \$45 to \$50; Confirmation \$50 to \$75

Discussion:

Paul Kennedy: If we need \$45K in commitments, why did the budget show \$37K?

Michelle Andersen: We aren't 100% sure we will get the \$37K so the exec team didn't want to put that in the budget.

Paul Kennedy: Pastor salaries & benefits - shows 16% increase - covers Tyler & Kristin through June at same rate, then increase to pastoral rate. Were they both here all of 2015?

Michelle Andersen: Kristin yes, Tyler no.

Paul Kennedy: Other than that we are at a flat budget?

Michelle Andersen: Yes.

Question from Mark Walstrom: No cost of living raises [for staff]?

Michelle Andersen: Yes.

Mark Walstrom: Did the Executive Team look at the short & long term cost of that? It could cost the church more (if staff leaves and we have to rehire at a higher rate); could be a short-sighted decision.

Michelle Andersen: The Executive Team was told to bring a 0 budget.

Mark Walstrom: I will raise \$15K to help pay for the 1.5% increase.

Loren Smith: We acknowledge that [offering no increase in staff salaries] will perhaps bring a higher rate. The Exec Team's job, despite how they personally feel, was to not include a staff increase to help balance the budget. You can't guarantee that the money will be there.

Kimbra Ness: I will join forces with Mark in helping to raise the money to pay our staff. These are professionals. Even part time, you are never in the church and not working.

Loren Smith: The Executive Team has been trying to improve [staff salaries] year after year but it takes time to catch up. Without a 1.5% increase as a staff, they will be over \$50K behind Synod guidelines.

Mark Walstrom: That reinforces the reason to act now.

Stephanie Kilmer: Benefits go up every year. Do we know what the employee expense is?

Loren Smith: Benefits are provided through Portico. Budget is to retain existing benefits not for any new benefits.

Pastor Rick Skare: Benefits are for full-time staff who don't decline the benefits. The year before last our deductibles went way up; this year, not as much. We do have good benefits here and staff knows that is part of the advantage of working here.

Loren Smith: Same deductible as last year. We want to continue to research better costs.

Rachel Smith: Regarding the \$5 increase in church school fees – the ultimate goal to not have any fees. The \$25 increase in confirmation fees is a 50% increase. Which congregations were consulted?

Loren Smith: St. Philip the Deacon charges \$120 per person.

Rachel Smith: The vast majority of churches in our community don't charge fees at all. If families can't afford the fees they don't come.

Loren Smith: The fees do include [enough to cover] scholarships. We don't want anyone to be denied.

Michelle Andersen: [Several] confirmation parents were in the room when we were discussing this and they thought we weren't asking enough for confirmation.

Loren Smith: It is a quality program. VBS fees are not going up.

Mindy Holland: A \$5 increase. There are 653 church school children and 139 teachers; we do not charge enough. If we charge [the increase] we can afford to pay for it. VBS is \$25 a week for 515 kids and 250 volunteers.

Lisa Buck: Church school fees account for more than the cost of church school (not including payroll). A \$45 church school fee generates [money] for the [Operations & Ministry] Fund. \$50 for confirmation does not completely cover the cost of confirmation. The change that's being proposed will change the fees by \$14K. VBS costs the [Operations & Ministry] Fund about \$55K. We don't raise fees because a large number [of attendees] are not members of Word of Peace.

Tammy Peterson: Can we use the money that we received from the refinance towards the staff increases?

Mark Walstrom: The refinance savings will easily pay for the staff increase.

Terri Frain: When was the last time we raised fees for VBS?

Lisa Buck: As far as I can remember, we have not increased fees in the 14 years I have been here. There are churches [in our community] that charge \$0 or \$10 so we run the risk of families choosing to go somewhere else. We used to charge for t-shirts but now we don't so the fees don't cover the program cost.

Karee Van De Riet: We see so many people coming [to VBS] who cannot afford to come here if we raise the fees.

Floyd Broman: Building fund monies are separate and should stay in the Building Fund. With the refinance we have saved interest but we'll be paying longer. It's not money that we have to spend on the [Operations and Ministry] Fund. It's a dedicated fund.

Loren Smith: I recommend that we table the discussion that doesn't have to do with the vote as it stands before us.

Michael Sahlen: Musicians that are paid include Julie Nelson, myself, and members of Sol(e)d Out. I have been trying to get paid positions for the 9:45 service for 7 years and every year it has been shot down. Cost to the congregation is less than \$5K. Just want you to be aware.

Heather Swanson: As far as the conferences that were removed from budget, what does that mean?

Linda Thomas: Conferences were moved into a new budget. The Synod Assembly cost was removed and the staff retreat costs were reduced.

Michelle Andersen: We kept continuing ed and other conferences.

Vote to amend the proposed budget to include 1.5% raise for staff

Motion: Mark Walstrom

Seconded: Paul Kennedy

Vote by show of hands: 2 opposed. Motion passed.

Building Appeal Update

Pastor Rick Skare, Senior Pastor

We have postponed the capital campaign so we can focus on strengthening the Operations & Ministry Fund. The Building Committee is continuing to meet with the architect and the members of the Appeal Advisory Team has agreed to come back on when we move forward, so we will be ready to go when it is decided to go ahead with it.

Discussion:

Greg Heineke: The appeal for building fund was completed November 2015. Since then people having been giving. Priorities change, but we want to keep the Building Fund and maybe I need to shift my commitment to the Operations & Ministry Fund. But if we have a [larger] building and don't have the staff why don't we shift from the building fund to the Operations & Ministry Fund?

Loren Smith: We still have to pay the mortgage payment and [inaudible].

Renewal of the Line of Credit from the Bank

Loren Smith, President

Loren explained that the \$50K open line of credit is for emergencies, cash flow, etc. We simply need to renew the line of credit. The Executive Team decides when to utilize that line of credit.

Discussion:

Pam Baumgartner: Have we had to use it and what did we use it for?

Loren Smith: Yes, we use it every year. It all comes down to cash flow.

Voting on Budget Issues

Loren Smith, President

As the ballots were being passed out, Loren explained what the congregation would be voting on:

- The approval of the 2017 Operations and Ministry Fund Budget
- The continuation of the Building Fund Budget
- The continuation of our line of credit with the bank

While votes were tabulated, 13 pies were thrown to Pastor Keith Long's face, fulfilling his promise to do so if the congregation met the Stewardship Team's goal of 350 pledges to the 2017 Operations & Ministry Fund.

Team Elections

Tracy Rowe, Volunteer Coordinator

Executive Team

Jim Peterson, President

Michelle Anderson, Vice President

Josh Holland, Treasurer

Lori Rankila, Secretary

Member at Large, Rae Ann Hallberg
Member at Large, (waiting for response)

Ministry Teams
Listed on handout

Discussion:

Heather Swanson: Add Kirstin Carlson to the Global Mission Team

Rich Karlstad: Why can't we get more people to join the Life & Growth Team?

Answer from Tracy Rowe: This has been a challenge; 2 former team members are staying on.

Pastor Rick Skare: The Life & Growth Team is transitioning from a large scale event team to a fellowship opportunities team, with smaller-scale activities. Hopefully more people will want to be on that team knowing that they are not going to be taking on such large events.

Vote to Elect Team Members:

Motion: Paul Kennedy

Seconded: Stephanie Kilmer

Vote by show of hands: 0 opposed. Motion passed.

Synod Assembly

Tracy Rowe, Volunteer Coordinator

Explanation of the Synod and the assembly. We usually send and pay for 7 people to go, but we are looking for people to attend and pay their own way this year. Cost is roughly \$115.

Discussion: None

Pr. Rick - Annual Report

Pastor Rick gave a recap of 2016, pointing out the Vision & Mission booklet and his sermon from that morning.

Discussion: None

New Business

Mark Walstrom: Proposed that the Executive Team explore the possibility of including the 945 musicians.

Rae Ann Hallberg: In Executive Team meetings we explored doing special appeals but we nixed it because there is burnout from all the appeals. Perhaps the task force team can look into this to help pay for certain things.

Reading of the Results

Approval of the 2017 Operations and Ministry Fund Budget: 98 yes, 3 abstain, 2 no. Motion Passed.

Approval to continue the 2017 Building Fund Budget: 104 yes, 1 abstain, 0 no. Motion Passed.

Approval for the continuation of our line of credit with the bank: 103 yes, 3 abstain, 0 no. Motion Passed.

Closing Prayer (Pastor Rick Skare), Song, and Meeting Adjournment