2017 Budget Background

As background, it is important to understand where we stand financially versus the current 2016 Budget. To date, there have been significant shortfalls in critical income areas combined with unanticipated increases in expenses. Pledge income is forecast to fall short of budget by $24,000. Building rentals and wedding income, in total, are expected to generate $39,000 less than budgeted due to increased “on-mission” use of church space and the trend away from “traditional” church weddings. On the expense side, major repairs to the church building cost $66,000, almost double the budget of $35,000. However, despite these shortfalls and overruns, the current year should end up $18,000 in the black versus a budgeted loss of $3,729. This result is due largely to unanticipated gifts: $44,449 from the Ralph Cake Trust and $15,000 from Andrew Jares, a former member.

The Budget for 2017 puts the church barely in the black with net income of $283. Major changes impacting the 2017 Budget are detailed in the “Significant Change” exhibit which shows revenue decreases totaling $45,000 and expense increases totaling $37,540 vs. the 2016 Budget. The net result is an operating loss of $96,833. This deficit is offset by $97,116 in transfers from the church’s investments. These transfers consist of $48,116 of estimated income from our investment portfolio, a $45,000 transfer from our Reserve Fund to a Building Fund and a $4,000 transfer to help offset part of the cost of the Youth Teacher.

While the 2017 Budget shows a significant decline in pledge income vs. the 2016 Budget, it actually represents a modest increase versus our expected pledge revenue for 2016. The decision by the Council to fund major building expenses from our Reserve Fund is based on the view that the church building is one of our most important assets and that we cannot continue to bear the consequences of deferred maintenance. The 2017 Budget calls for an increase of $10,000 for major repairs and, more important, that a Building Fund is created out of the Reserve Fund with a transfer every year of $45,000 from the Reserve Fund (should actual expenses in any year be less, the surplus will be carried over into the following year). This will smooth out the peaks and valleys of major building expenses over future years. The Council believes this is a proper use of the Reserve Fund, now over $1 million, which has been funded by donations and bequests from individuals and families who surely wanted our beautiful building to be preserved. Funding timely maintenance and repairs will save money over the long run compared with the consequences of an aggregate of stopgap repairs.

Other notable increases in expenses are the addition of the Youth Teacher as part of our effort to attract and keep this important demographic, the leadership move to a $15 minimum wage for hourly employees, a 1.7% cost of living increase for salaried employees and the increased cost of the new Facilities Manager.