

Notes to Accompany the 2008 Diocesan Budget

Introduction

The Budget Sub-Committee submits these notes as an accompaniment to the Diocesan Budget for 2008. They are intended to give information mainly on two aspects

- (a) Long - term trends in budgeting
- (b) Noticeable changes from 2007 to 2008

Section A. Revenue

A.1 The Assessable Incomes of the Parishes

Over the past ten years the total of assessable incomes of all the Parishes in the Diocese has slowly been increasing, by about 1% to 1.5% per year. There was an interruption in this trend when the total of assessable incomes for 2004 was found to have dropped to about \$11.25 million from the previous year's figure of about \$11.6 million. It was speculated that this drop was due to unusually large allowances for capital expenditures of some Parishes rather than an ongoing trend.

It is a pleasure to report that this was indeed the case. The total assessable income for 2006 (on which the 2008 budget is based) is approximately \$12.1 million, which is fully in line with the eleven-year trend.

It is noted that several Parishes have not yet reported their incomes for 2006. This tardiness introduces an element of uncertainty into the total of \$ 12.1 million, as it includes the incomes for 2004, 2005 and not 2006, for the Parishes concerned.

A.2 The Allotment Rate

The allotment rate of 20.5% is down from the 21.25% rate of 2007 and continues the process of the slow but steady reduction that has been going on for several years. The reduction is known to be in line with the Bishops' thinking.

The Budget Sub-Committee extends its thanks to the Bishops and also to the Committee of Chairs for their acceptance of "envelopes" on the expenditure side of the budget, without which the reduction in the allotment rate would not have been attainable.

Section B. Expenditure

B.1 Implementation of Capital Campaign Priorities

There are several items in the budget which reflect the sequential introduction of Capital Campaign Priorities. The first priority, that of Youth Coordinator, is budgeted at \$60,000; the second priority, that of Congregational Development, is included at \$30,000.

It is important to bear in mind that some important expenditures from the Capital Campaign do not go into the Diocesan Budget at all, but are paid directly by the Campaign. These include, for example, the payment of \$240,000 per year to the National Church, being the annual installment on \$1.2 million (our share of the residential schools settlement) and support of the Cathedral and the Atlantic School of Theology.

B.2 Support of the National Church

We have an ongoing assessment in support of the National Church which is not to be confused with the special assessment in respect of residential schools; this ongoing assessment is about \$540,000 per year. For several years past, we have been unable to meet this requirement fully, and up to 2006 have been contributing \$510,000 per year. In the 2007 budget the contribution was increased to \$520,000. In the 2008 budget there is a further increase to \$530,000.

B.3 Anticipated Budget Adjustments

In accordance with Canon 16, the Diocese is not permitted to budget for a deficit; therefore the 2008 Budget anticipates a \$ 38,000 adjustment in this draft. The options available for the resulting budget adjustments are as follows:

1. Cut expenditures
2. Adjust the return on the investment income from 5% to 6% (requires approval of Diocesan Council)
3. Increase the Allotment rate from 20.5% to 20.9% (requires approval of Diocesan Council)

Respectfully,

Ted Johnson, Chair
Budget Sub-Committee

June 22, 2007