

TLC Recommended 2023 Budget Comments and Analysis

(1) The budget subcommittee (Meredith Askey, Kathryn Melear, Bob Frymoyer – with Pastor Horner and David Holste providing input) has done excellent work in coming to a 2023 balanced budget. Thank you to all for your ability to work as a team to accomplish this difficult task. This budget was presented to the Finance Committee at its December 6 meeting. Just prior to the meeting, David Holste received a note from Steve Kauffman informing him of the need to move \$48,000 from the Property Budget for cleaning service to the A&P Budget for custodian. With this amendment, the Finance Committee unanimously approved the 2023 General Fund Budget for recommendation to Council for adoption.

(2) As part of the budget process, the Finance Chair prepared a projection of the year-end 2022 General Fund actual results. In the projection, Membership Envelopes were \$1,153,500, which is consistent with Dave Miller's projection (based on October financials). Total receipts were \$1,500,364. Total expenses were \$1,472,547 (including Salaries and Benefits \$15,700 under budget, Property \$11,600 over budget, and Faith Formation \$33,000 under budget). Year-end net Receipts less Expenses was projected to be \$27,817.

(3) Budget requests submitted by the committees and teams totaled \$1,635,793, a budget increase of \$129,642. Salaries and Benefits increased by \$73,000, reflecting the Synod level for pastors and a 6% salary increase for other staff. Property had a \$12,175 increase, or 5% overall. Benevolences increased by \$13,680, for an overall 9.1% of budget (compared to 9.0% of 2022 budget).

(4) Budget estimates for receipts totaled \$1,544,910. Included in this were a \$249,400 increase in Membership Envelopes (due to the special Give, Serve, Lead effort, results announced December 4); a transfer (deduct) of \$80,000 (for alternative income sources and solar array buyout) to be transferred if the Give, Serve, Lead effort is successful; and recognition of the use of PPP grant receipts in 2022 (\$120,857 in 2022, \$0 in 2023).

(5) The budget requests exceeded the budget estimates for receipts by \$90,883. This was the shortfall that the budget subcommittee had to address to arrive at a balanced budget.

(6) The budget subcommittee first looked at expenses to see if there were places where clarification of budget requests or alternative (off-budget) methods could reduce budgeted expenses. Included in #62400 Computer Software & Equipment was replacement of desktop computers (for staff) and chrome books (for Faith Formation); this \$5,000 item will be taken from Undesignated Memorials. Faith Formation has a projected expenditure of \$23,222 in 2022 (vs. a budget of \$56,300). The subcommittee recommended adjustments to several line items (reflecting 2022 actual expenses) of \$8,500, and Moses indicated that he can operate effectively with those changes. Publicity & Communications will fund the one-time expense for directions signage (\$3,690) from MIRA. Finance will increase its budget by \$5,131 to fund a transfer to MIRA. Lower Susquehanna Synod Support (#75010) is lowered by \$1,200 (to \$65,300, an increase of 3.2% from the 2022 budget). Mission Benevolence is reduced by \$500 (attributed to Tree4Hope, which increases by 20% as a result), resulting in a 7.3% increase overall from 2022. Community Outreach is reduced by \$2,000 (attributed to Ecumenical Food Pantry, which increases by 50% as a result), resulting in a 3.7% increase overall from 2022. Resulting Benevolence budgets are 9.0% of budget.

(7) To summarize the expense adjustments (reductions):

#62400 Computer Equipment (to be funded by Undesig. Memorials)	5,000
Faith Formation, adjustments to several line items	8,500
P&C, Interior Signage (to be funded by MIRA)	3,690
Finance, add transfer to MIRA	- 5,131
Lower Susuehanna Synod Support (#75010)	1,200
Missions Benevolence (attributed to #76330)	500
Community Outreach (attributed to #77120)	<u>2,000</u>
Total expense adjustment	15,759

(8) The budget subcommittee then looked at the potential for increases in receipts, or additional revenue streams that may be available. The Balance Carried Forward is funded with \$25,000 (of the \$27,817 that is projected to be available). Transfer from the Traditional Music Fund of \$1,500 (\$5,000 total transfer for 2023) to fund a portion of Arts expenses. Transfer from Designated Funds: #610 General Operating Reserve, \$7,119; #631 Men of Trinity \$7,505 (remaining funds after group disbanded). Bequests are expected during 2023, and \$14,000 is recommended to be directed to the general fund budget. The Endowment formula provides for 50% of the annual distribution to be directed to MIRA, debt reduction, and benevolence and 50% of to be retained in the fund, and the subcommittee is recommending that the 2022 distribution be distributed according to the formula, with the exception that \$20,000 of the normally retained 50% amount be directed to the general fund budget (in 2021, 50% of the distribution was \$18,635). This \$20,000 is intended to partially fund the 2023 general benevolence expenses and MIRA expenses (Finance).

(9) To summarize the additions to receipts in the budget:

#41400, Balance Carried Forward (of projected \$27,817)	25,000
#42450, Transfer from Traditional Music Fund	1,500
Designated Fund #610, General Operating Reserve	7,119
Designated Fund #631, Men of Trinity	7,505
Bequests	14,000
Endowment Fund distribution (of 50% normally retained in fund)	<u>20,000</u>
Total Receipts addition	75,124

(10) The combination of \$15,759 adjustments (reductions) to expenses and the \$75,124 additions to receipts provide the \$90,883 needed to balance the budget. The 2023 budget is balanced at \$1,620,034 for both receipts and expenses.

Respectfully submitted,
 Daryl Ackerman
 12-11-2022