

To the Priests and Parishioners
From: Canon Bill Graffius
25 October 2016

We continue with the 2017 budget, as with last year, to present a transparent, detailed and clearer format along with a "Snap Shot Budget" for those just interested in the basics. A separate schedule is once again included detailing all staff costs in a concise detailed manner.

The coding system continues to evolve and line item explanations more clear. As promised, we have made changes to be more descriptive and better reflect activities and lines of responsibility. We lived up to that promise. This has been a monumental task with a positive outcome for 2017 budgeting. With Bishop Scanlan we will now have a settled time for the revised budget system to "take root" and become even better defined.

What you see in this budget is actually, as promised, a revision of the budget passed at Convention. Canons allow this to happen. The reasons for the change is not all relevant and necessary information is available when the budget needs to be ready for Convocation meetings and the final Council of Trustees meeting prior to Convention. Such financial data as new medical costs, dental costs, federal cost of living announcement, Diocesan share for the Domestic and Foreign Mission Service are not yet available. All these are "big-ticket" cost items.

As developed by the Finance Committee, and the sub-set Investment Team Committee, certain Funds have been identified for use in the budget in compliance with Pennsylvania Act 141. The drawdown is based on a determined percentage of the average ending balance for the previous three years of select endowment funds. For 2017, we have elected to use 6%, as allowed under PA Act 141. This higher percentage will be used to allow our Bishop maximum flexibility as she reviews and evaluates operations and mission and ministry.

The Fair Share Committee will meet this week and hopefully a proposal on change for the future computation process will evolve as a result. This, of course, will have 2018 budget year impact. The Finance Committee has approved the 2017 Fair Share "Ask" via this budget. You will note the full Fair Share "Ask" has been incorporated into the 2017 budget revenue "side." Expectations are full Fair Share will be paid and excess revenue generated have been incorporated into the Congregational Development Grants. Requests for partial relief from Fair Share will now be made to that Committee using their application process. A more objective determination of a petition for relief can now be made. There is now potential for financial relief generated by the increase in monies in the Congregational Development grant line-item in the 2017 budget. Consider this as groundwork for change in 2018.

The Audit Committee has been somewhat dormant because of the pending canonical rewrite to be presented at Convention. Since then suggestions have been offered to committee members, however any process changes will undoubtedly occur after my tenure at the Diocese.

On a personal note:

As my time as your Canon to the Ordinary, and now Canon for Finance and Operations, is fast coming to a close I cannot adequately express my appreciation for your support. It has been a fast moving

experience over the last nearly ten years and especially the last three. Because of all of you I can honestly say I enjoyed it. Collectively we have moved a lot forward and made some interesting changes in how things are done. The Episcopal Diocese of Central Pennsylvania has a lot to be proud of - none the least is your Diocesan staff. For my part this is not a “ride into the sunset” moment. Our Bishop has so many great ideas with programs, mission and ministry, and other in initiatives moving forward, I hope to continue to serve.

Bill