

To the Members of the St Paul's Community;

Attached you will find a copy of a Preliminary 2011 Budget. This budget will be changed and updated as we get closer to the Annual Meeting on January 30th, 2011.

This budget has been a challenging one for the Finance committee to create. The addition of a full time position for an assistant clergy person combined with the costs of a search for a new rector and a difficult economy have placed us in the difficult position of creating an unbalanced budget. In order to fully balance the budget we need an additional \$58,000. This is obviously a stretch goal based on pledges to date. The budget shows pledges as they stand on 12/29/2010. While we anticipate receiving some additional pledges between now and the annual meeting, it is unlikely that we will be able to completely fill the gap. In order to preserve as much as possible, the finance committee and vestry are proposing a budget with identified cuts which will be implemented on April 1st if additional funds are not forthcoming.

You will see the proposed areas of cuts in the "Items Cut from Desired Budget" column with some additional notes in the next column. None of these cuts are things that we want to see reduced or eliminated, but we do feel that we need to be fiscally responsible and ensure the continued financial health of the parish. Many people have asked why we can't just use the surplus from prior years to balance the budget. While we can use some of our cash reserves to pay for expenses that exceed the budget, it is not proper accounting to "balance the budget" with those funds. At some point the cash reserves will dwindle to nothing if we continually spend more than we receive each year.

There are a number of items which we cannot cut or reduce based on contractual or legal obligations, these include:

- Salaries to our Clergy Persons \$108,200
- Benefits \$ 58,882
- Pension \$ 29,331
- Apportionment \$ 81,209
- Expenses for Utilities/Bldgs \$ 45,061
- Outreach of 6% of Pledges \$ 21,481

These items have not been cut.

We will be deferring all salary increases for the staff until at least April 1st. If the finances will allow it, we will put in retroactive raises for the staff at that time.

We have identified cuts in all the other areas of the budget. Some of these will require additional contributions of time from parishioners and may result in reductions in some of the visible parts of our services, such as flowers, music and church school.

- Congregational Outreach (receptions, etc..) \$ 3,350
- Landscaping & Cleaning \$ 8,200
- Raises for Staff & Nursery Care \$ 3,750
- Altar Flowers \$ 2,400
- Church School \$ 2,450
- Youth \$ 1,440
- Adult Education \$ 2,000
- Music \$11,600
- **Total** **\$ 35,190**

Even with the above cuts, the budget will not yet be balanced and we will be drawing on our reserves from prior years.

It is the fervent hope of the Finance Committee and the Vestry that we can restore as much of the budget as possible, but feel that at this time we must act prudently to ensure the continued health of the parish.

December 30, 2010