

## Pacific Southwest District 2019 Operating Budget and Church Planting Support Budget, and 2020 Operating Expense Maximum

In the pages that follow you will find the proposed 2019 PSWD Operating Budget, the 2019 Church Planting Support Budget, and the recommended 2020 Operating Expense Maximum from the Policy Board. You may recall that in 2016 the Policy Board spent a significant amount of time looking at the District budget and the operating deficits that were represented in budgets over the last several years (see the 2015-17 Actual columns in the chart with the 2019 budget proposal). The determination of the 2016 Policy Board was that continued deficits at this level would not provide a base of funding at which we could work to operate as a district with the kinds of programs and support that were desired. From that work they determined that the Operating Budget deficit each year should work to be not more than \$300,000. Last year they also brought to District Conference a proposal to name a 2019 Operating Expense Maximum of \$446,000 which was adopted setting the expense limits for the 2019 Operating Budget proposal which follows.

The 2017 and 2018 Policy Boards have continued conversation around lining up budget expenditures with areas of priority and focus for the ministry work of the PSWD as reflected in the document *Core Objective - A Circle of Support* which then provided broad guidance to the allocation of funds in the 2018 and 2019 budget proposal.

### 2019 PSWD Operating Budget

In the spreadsheets that follow is the proposed 2019 District Operating Budget. In the notes below you will get a glimpse of the choices that were made to create this budget, and the way in which our core objective and support foci guide us to the priorities that are supported. The budget has a total operating expense of \$445,927 for 2019, which meets the Operating Expense maximum set for 2019 by last year's district conference. The anticipated deficit for 2019 is \$302,927, a significant decrease from prior years and in line with the sustainability goal that the Policy Board had articulated in 2016.

### 2019 District Operating Budget Notes

#### ***Commitments***

Ministry Partnership Funds – These continue to grow in working with congregations to encourage entrepreneurial work to revitalize, grow, and try new ministries with shared financial support from the district. Funds are also available to support vital ministry in communities whose mission is with those who are on the economic margins. \$47,000 is marked for this work in 2019.

Shared Outreach Ministry – \$3000 is again provided for this effort that will support finding and engaging in a shorter term outreach/service ministry within or near the geography of PSWD that we might share together and help us build connections and unity as we work together.

Ministry Training and Minister Support – Our work with providing training for those called into ministry continues to grow, with 12 licensed ministers and the likelihood of more in the year to come. Eight of these individuals are engaged in Spanish language based programs of the Brethren Academy. The district covers 75% of the cost of Academy level training. The Ministry Training Coordinator works with these students helping them to reach their goals for ministry and meet the objectives of their training programs. We also provide funds for the annual retreat for pastors and chaplains, a key week of spiritual and personal renewal, and for the professional growth event prior to District Conference.

Youth Leadership and Faith Development – We are beginning the process of budgeting in anticipation of the next National Youth Conference in four years. As a deposit on our support of NYC 2022 we have placed \$2500 in the 2019 budget which will begin to build the fund to send our youth that year. Additionally we continue to grow leaders through their participation on the Youth Cabinet and as Youth/Young Adult members of the Policy Board.

Congregational Mission and Transition Support – The work of our District staff represented in the Operating Ministry portion of the budget plays key roles in helping congregations in connecting to resources, supporting Boards and pastors, and working with congregations in pastoral transitions or evaluating future steps in ministry.

### 2019 Church Planting Support Budget

The Policy Board upon recommendation of the Executive Board set aside the funds (approximately \$123,000) from the sale of the New Harvest Lindsay church property to be used for Church Planting Support. About \$10,000 has been used in 2018, and we anticipate larger support needs in 2019 as projects move into improved facilities. The Board recommends a Church Planting Support Budget of \$60,000 from these funds for 2019.

**Action Item:** The Policy Board recommends to the District Conference the adoption of the 2019 Operating Budget and the 2019 Church Planting Support Budget as presented.

### 2020 Operating Expense Maximum

In 2016 the Policy Board undertook a major study of working towards a sustainable financial picture for the PSWD into the future. They determined that an Operating Deficit of \$300,000 or less was a key way to work towards financial stability into the future. At this level of deficit a strong return on our asset base would likely offset the projected deficit. Moderate returns would result in a gradual reduction in the asset base. And in the event of poor returns or even a loss in assets, we would be in a better position to handle the challenges and reposition for the future as needed.

The recommendation for 2020 of \$450,000 is a \$4000 increase over 2019. This level will require the Policy Board to make strategic choices in budget planning next year. This level of expense holds us right in the area of an anticipated deficit very near the working deficit level identified by the Policy Board in their prior work.

**Action Item:** The Policy Board recommends to the District Conference that the expense maximum for the 2020 Operating Budget be \$450,000.

#### Pacific Southwest District Church of the Brethren Income & Expense Summary - Proposed 2019 Budget

		2015	2016	2017	2018	2018	2019
		Actual	Actual	Actual	Budget	YTD (Aug.)	Proposed
Contributions Income	4100	53,527	52,477	34,849	35,500	12,554	35,500
Interest and Other Income	4200	42,728	42,624	100,250	76,800	52,773	82,900
Participation Income	4600	20,829	19,394	15,337	27,900	6,099	24,600
<b>Total Operating Income</b>		<b>117,084</b>	<b>114,494</b>	<b>150,436</b>	<b>140,200</b>	<b>71,426</b>	<b>143,000</b>
Congregational Development Ministry	5005	158,127	133,052	117,390	41,500	32,852	48,500
Pastoral Leadership & Support	5300	22,015	37,137	21,198	26,000	26,090	29,500
District Empowering Ministry	5500	39,041	40,604	38,052	41,500	35,168	47,500
Partnership & Property Ministry	5700	121,202	55,103	126,640	21,450	27,774	22,750
Service Ministries	6300	2,244	3,111	3,365	6,500	5,472	9,000
District Operating Ministry	6500	292,632	295,224	290,799	286,856	168,569	288,677
<b>Total Operating Expenses</b>		<b>635,261</b>	<b>564,231</b>	<b>597,444</b>	<b>423,806</b>	<b>295,925</b>	<b>445,927</b>
<b>Operating Deficit</b>		<b>-518,177</b>	<b>-449,737</b>	<b>-447,008</b>	<b>-283,606</b>	<b>-224,499</b>	<b>-302,927</b>
Add:			909,729				
Brethren Investments gain/(loss)	4400	-317,967	258,806	603,474			
Sale of Church Property	4500			123,715			
Increase/Decrease in Net Assets		<b>-836,144</b>	<b>-190,931</b>	<b>280,181</b>	<b>-283,606</b>	<b>-224,499</b>	<b>-302,927</b>
<b>Beginning Cash / Notes / Investment Value</b>		<b>5,447,732</b>	<b>4,599,987</b>	<b>4,409,096</b>	<b>4,689,275</b>		

PACIFIC SOUTHWEST DISTRICT OF THE CHURCH OF THE BRETHREN									
2015-2019, Five Year District Budget Overview									
Power Church Report Levels				PC	2015	2016	2017	2018	2019
1	2	3	4	Line #	Acutal	Acutal	Acutal	Budget	Proposal
<b>INCOME</b>				<b>4000</b>					
<b>MINISTRY INCOME</b>				<b>4010</b>					
<b>CONTRIBUTIONS INCOME</b>				<b>4100</b>					
			Individuals	4110	6,633	337	1,667	2,500	2,500
			Congregations	4120	34,660	31,201	30,520	31,000	31,000
			Church Closure Contriubution	4125	0	17,880	0	0	0
			Groups	4129	9,518	0	100	0	0
			Subtotal Temp Restricted Income	4130	0	2,059	2,087	0	0
			CDS Children's Disaster Rapid Respon	4134	372	0	0	0	0
			Other Income	4140	2,344	1,000	475	2,000	2,000
<b>Subtotal Contributions Inc.</b>				<b>4100</b>	<b>53,527</b>	<b>52,477</b>	<b>34,849</b>	<b>35,500</b>	<b>35,500</b>
<b>INVESTMENT INCOME</b>				<b>4200</b>					
			CHECKING/MONEY MKT INCOME	4210	2	2	1	0	0
			NOTES REC. INTEREST/FEEES	4301	41,797	39,044	72,326	59,900	67,000
			SALE OF CHURCH PROPERTY	4500	0	0	0	0	0
			MISC. INCOME	4550	929	3,578	27,923	16,900	15,900
<b>Subtotal Investment Income</b>				<b>4200</b>	<b>42,728</b>	<b>42,624</b>	<b>100,250</b>	<b>76,800</b>	<b>82,900</b>
<b>PARTICIPATION INCOME</b>				<b>4600</b>					
			DIST CONF INCOME	4610	17,819	16,770	12,002	20,500	20,500
			EVENTS INCOME	4630	3,010	2,624	3,335	7,400	4,100
<b>Subtotal Participation Income</b>				<b>4600</b>	<b>20,829</b>	<b>19,394</b>	<b>15,337</b>	<b>27,900</b>	<b>24,600</b>
<b>TOTAL INCOME</b>					<b>117,084</b>	<b>114,494</b>	<b>150,436</b>	<b>140,200</b>	<b>143,000</b>
<b>EXPENSES</b>				<b>5000</b>					
<b>MINISTRY INVESTMENTS</b>				<b>5001</b>					
<b>CONGREGATIONAL DEV MIN</b>				<b>5005</b>					
			WEB SITE DEVELOPMENT	5020	1,865	306	715	1,500	1,500
			Ministry Partnership Funds	5180		268	25,675	40,000	47,000
			Cong Minister Support Grants	5100	156,262	132,477	91,000	0	0
<b>Subtotal Congregational Dev Min</b>				<b>5005</b>	<b>158,127</b>	<b>133,052</b>	<b>117,390</b>	<b>41,500</b>	<b>48,500</b>
<b>PAST'L. LDRSHP &amp; SUPPORT</b>				<b>5300</b>					
			TRIM (TRAINING IN MIN)	5310	2,066	1,637	220	500	1,000
			SEBAH & EPMC	5315	2,638	15,648	4,137	5,000	7,000
			BETHANY THEO. SEMINARY	5320	0	0	0	1,500	1,500
			PASTORS' RETREAT	5325	10,880	17,319	10,710	15,000	15,000
			MINISTER'S WORKSHOP	5330	3,348	1,800	4,221	2,500	2,500
			OTHER DISTRICT WORKSHOPS	5335	3,083	0	744	1,500	500
			MINISTER'S ETHICS TRAINING	5336	0	0	0	0	1,000
			PROF. GROWTH SUBSIDY	5338	0	485	583	0	1,000
			TEMP RESTRICTED EXPENSES	5343	0	248	583	0	0
<b>Subtotal Past'l. Ldrshp &amp; Support</b>				<b>5300</b>	<b>22,015</b>	<b>37,137</b>	<b>21,198</b>	<b>26,000</b>	<b>29,500</b>

PACIFIC SOUTHWEST DISTRICT OF THE CHURCH OF THE BRETHREN										
2015-2019, Five Year District Budget Overview										
Power Church Report Levels				PC	2015	2016	2017	2018	2019	
1	2	3	4	Line #	Acutal	Acutal	Acutal	Budget	Proposal	
				<b>DISTRICT EMPOWERING MINISTRY</b>	<b>5500</b>					
				DISTRICT CONFERENCE	5520	18,622	18,827	17,967	18,000	19,500
				MINISTRY COMMISSION	5540	2,097	765	1,644	500	500
				STEWARDS COMMISSION	5560	131	234	0	500	500
				BD OF ADM & WORK GROUPS	5600	10,723	14,347	13,092	11,500	12,500
				NURTURING/CREDENT.COMM	5630	5,901	3,483	3,232	3,500	6,500
				RESOURCE MATERIALS	5650	0	0	0	500	500
				INTER-CULTURAL MINISTRY	5660	0	200	0	500	2,500
				NATIONAL YOUTH CONFERENCE	5670	0	1,961	0	4,000	2,500
				Youth Activity & Cabinet Expense	5680/7	1,567	786	2,117	2,500	2,500
				<b>Subtotal District Empowering Min</b>	<b>5500</b>	<b>39,041</b>	<b>40,604</b>	<b>38,052</b>	<b>41,500</b>	<b>47,500</b>
				<b>PARTNERSHIP &amp; PROP. MIN</b>	<b>5700</b>					
				DENOMINATIONAL ASSESSMENT	5710	1,626	1,609	1,494	1,600	1,600
				STANDING COMMITTEE	5720	2,056	2,304	2,316	2,500	2,500
				UNIVERSITY OF LA VERNE	5725	5,000	5,000	4,000	4,000	4,000
				ECUMENICAL COUNCILS	5730	0	400	300	500	500
				COUNCIL OF DIST EXECS	5740	345	900	779	450	450
				PROPERTY & LEGAL	5800	112,175	44,891	117,751	12,400	13,700
				<b>Subtotal Partnership &amp; Prop. Min</b>	<b>5700</b>	<b>121,202</b>	<b>55,103</b>	<b>126,640</b>	<b>21,450</b>	<b>22,750</b>
				<b>SERVICE MINISTRIES</b>	<b>6300</b>					
				DISASTER RESPONSE	6310	2,136	3,011	3,265	3,000	5,500
				CHILDREN'S DISASTER SERV	6320	108	100	100	500	500
				Other Dist Service Opportunity	6350			0	3,000	3,000
				<b>Subtotal Service Ministries</b>	<b>6300</b>	<b>2,244</b>	<b>3,111</b>	<b>3,365</b>	<b>6,500</b>	<b>9,000</b>
				<b>DIST. OPERATING MINISTRY</b>	<b>6500</b>					
				OFFICE SPACE & UTILITIES	6520	28,341	28,497	28,860	15,600	15,600
				EQUIPMENT & MAINTENANCE	6600	1,061	4,234	5,834	2,000	2,000
				SUPPLIES/PRNTG/PUBLICAT'N	6650	5,100	5,545	6,436	5,000	5,000
				POSTAGE AND MAILING	6670	1,255	2,352	1,618	1,700	1,700
				INSURANCE	6680	8,280	12,044	13,309	13,200	13,200
				AUDIT AND PROF. FEES	6700	16,868	20,730	17,465	22,600	18,600
				STAFF SALARIES	7000	180,837	174,286	163,100	170,806	173,569
				STAFF BENEFITS & RCWF	7100	24,835	19,721	26,032	25,450	27,008
				STAFF TRVL-PROF GROWTH	7500	21,645	23,541	25,161	27,100	28,600
				NEW LIFE/PUB ETC & Misc.	7750	4,410	4,272	2,984	3,400	3,400
				<b>Subtotal Dist. Operating Ministry</b>	<b>6500</b>	<b>292,632</b>	<b>295,224</b>	<b>290,799</b>	<b>286,856</b>	<b>288,677</b>
				<b>Subtotal Ministry Investments</b>	<b>5001</b>	<b>635,261</b>	<b>564,231</b>	<b>597,444</b>	<b>423,806</b>	<b>445,927</b>
				<b>TOTAL EXPENSES</b>		<b>635,261</b>	<b>564,231</b>	<b>597,444</b>	<b>423,806</b>	<b>445,927</b>
				<b>EXCESS INCOME\EXPENSES</b>		<b>(518,177)</b>	<b>(449,737)</b>	<b>(447,008)</b>	<b>(283,606)</b>	<b>(302,927)</b>