December 21, 2005

To: 2005 Diocesan Convention Delegates
From: John T. Curtis, Treasurer

Subject: Answers to Questions Asked By Delegates But Not Answered

The following are the answers to two questions that I did not answer during Convention:

**Question 1** – What was the $526 expense for Christian Education *(Page 7, Line 60, Column B contained in the 2005 Annual Treasurer’s Report to Convention)*?

**Answer 1** - $475 was posted in error to Christian Education rather than to COM (Commission on Ministry) – travel, meetings, etc. *(Page 7, Line 62, Column B contained in the 2005 Annual Treasurer’s Report to Convention)*. The remaining $51 expense was for books. In 2004, the Diocese spent $435 for Christian Education. As for the $750 budgeted for 2006, it will be up to the Diocesan Council to decide whether to spend all of it on Christian Education, redirect a portion or all of it to another line item.

**Question 2** – There was some question as to whether the Office Occupancy Expense line items 89 through 93 *(Page 8, Column A and Column C, contained in the 2005 Annual Treasurer’s Report to Convention)* were budgeted correctly.

**Answer 2** – In aggregate (lines 89 through 93), yes. Among the five individual line items, no. Until 2005, Office Occupancy Expenses were budgeted and expensed as one single line item not five. This included the preparation and approval of the 2005 Budget during the 2004 Annual Convention. Sometime in the early half of 2005, it was decided to break out the individual components of occupancy expense into the five line items in lines 89 through 93. Unfortunately, a number of monthly rents were posted against Office Occupancy Expenses – Other (line 93) instead of Office Occupancy Expenses – Rents (line 83). During the preparation of the 2006 budget, it was noticed that in aggregate, actual expenses were running below the 2005 budget *(remember the 2005 budget was prepared in aggregate)* and the only known risk to the occupancy expenses in 2006 were with utilities. It was felt that the existing surplus to the 2005 budget should be more than adequate to cover any possible utilities increase in 2006. Therefore, in aggregate, occupancy expense for 2006 was budgeted flat relative to the 2005 budget.

When I allocated the aggregate 2005 budget amount among the individual line items on a proportional basis, I should have noticed and investigated the $16,362 in Office Occupancy Expenses – Other (line 93). Unfortunately I did not and just carried over the allocated 2005 budget amounts to the 2006 budget. Irv Cousins, Diocesan Financial Officer, caught the posting error in preparing the August financial statements, in late September, which explains why column B *(2005 YTD thru 31-Aug-05)* line item 93 differs so significantly from the 2005 Budget (column A) and 2006 Budget (column C).

Diocesan Council will correct the 2006 Budgeted Office Occupancy Expense line item allocations at their January meeting so that line 89 *(Office Occupancy Expense – Rents)* will be $35,393 and line 93 *(Office Occupancy Expense – Other)* will be $1,740.