A. Source and Date;
B. Terms governing the use of principal and income;
C. To whom and how often reports of condition are to be made;
D. How the funds are invested.

Sec. 6. No indebtedness shall be incurred by a Parish, Mission, or Congregation without the approval of (a) both the Bishop and the Standing Committee, or (b) the Bishop and the Finance Committee, except:

(a) Indebtedness for permanent improvements, replacements, or additions to real estate or equipment, where the amount of such indebtedness, plus indebtedness of every kind already existing, shall not exceed 150% of the average annual receipts of such Parish, Mission, or Congregation during the past three (3) years.

(b) Indebtedness for current expenses where the amount of such indebtedness, plus all indebtedness theretofore incurred for current expenses and still existing, shall not exceed 20% of the total current receipts of such Parish, Mission, or Congregation during the preceding fiscal year; and the payment of such indebtedness shall be provided for in the budget for the next ensuing fiscal year with reasonable expectation of its payment out of the receipts of the next two (2) years.

In computing receipts under paragraphs (a) and (b) hereof, amounts from or for endowments or from or by bequests, except income therefrom not specifically designated, and receipts for expenditures other than parochial shall not be included.

In any circumstances under which approval is required, it shall be granted only when the payment of all indebtedness shall be provided for in a plan of amortization or other method of payment submitted to and approved by the same authority.

This section shall not apply to the refinancing of existing loans.

Sec. 7. All buildings and their contents shall be kept insured for at least their replacement value.

CANON 16
DIOCESAN BUDGET

Sec. 1. The Diocese shall operate with a unified budget to cover the expenses of the Episcopate and the Diocesan Office, and to promote existing and new ventures in mission and ministry in the Diocese, the nation and the world. Trustees and Council (the “Council”) shall prepare and present a proposed budget for the following Fiscal Year, in which proposed expenditures shall not exceed anticipated available income. Council shall publish the proposed budget not less than seventy-five (75) days prior to the opening session of the Convention to all the Congregations of the Diocese along with an appended list of the amount each Congregation is expected to contribute to support the budget consistent with the assessment formula adopted herein.

Sec. 2. In order to provide for the fair and proportionate support for the mission and ministry of the Church, each Congregation of the Diocese is required to contribute an amount equal to 13% of its canonical income to support the Diocesan budget, absent only good cause. For purposes of this canon, “canonical income” shall equal the “Total Operating Revenues” less “assistance from diocese for operating budget” as reported by the Congregation as of the previous December 31st on the Parochial Report Form prescribed by the Episcopal Church and submitted to the Bishop (or the ecclesiastical authority of the Diocese) and the National Episcopal Church. In the event the Episcopal Church amends its Parochial Report Form and instructions, “canonical income” shall equal the equivalent entry on the then current Parochial Report Form.

Sec. 3. A Congregation may elect to contribute more than the required assessment. Should a Congregation do so it may suggest how the additional contribution is to be expended.

Sec. 4. Each Congregation shall, as soon as practical, and in no case later than forty-five (45) days prior to the opening session of the Convention, notify Council in writing of the amount it commits to contribute to the next Diocesan budget. Each Congregation's commitment shall be reported to Council on a form to be provided by Council to each Congregation at the time Council publishes the proposed budget in accordance with Section 1 above, in substance as follows:

DIOCESE OF KENTUCKY
Commitment to the Diocese for the Diocesan Budget
[Name of Congregation and City]

For the support of the mission and ministry of the Church in this Diocese, nation, and world, we commit a proportional part of our income as shown below. We are aware that the adopted assessment for all Congregations of the Diocese is 13% of canonical income as reported in the most recently available Parochial Report Form for the year ended December 31, 20___.

Our commitment to the 20___ Diocesan budget is $________________, which represents: _____% of Total Operating Revenues as shown on the last Parochial Report Form of $_________________ [less assistance received from the Diocese for the year described]; We suggest that commitments in excess of the 13% assessment be expended for the following purposes:____

In accordance with Diocesan Canon 16, we will remit to Trustees and Council of the Diocese of Kentucky, the sum of $___________________ [one-twelfth of the commitment] on or before the 10th day of each month. Signed this_________ day of ________________, 20______, on behalf of the above named Congregation.

____
Rector/ Vicar/Priest in Charge

____
Senior Warden/Bishop's Warden

____
Treasurer or Finance Chair

If the Congregation's completed submission does not show that it is committing at least 13% of its canonical income to support the proposed budget, the Congregation's submission shall be accompanied by an attachment, which is addressed to Council and signed by the same persons who signed the submission, that describes the cause for the Congregation's reduced commitment. Council may request additional information from the Congregation concerning its financial circumstances and shall publish the Congregation's explanation in the advance reports to the Convention along with the proposed budget. A commitment of less than 13% of canonical income shall not alone be grounds for failing to recognize a Congregation or refusing to seat its Lay Deputies at any convention convened in accordance with Canon 4.

Sec. 5. Effective January 1, 2016 Council shall have the power to grant waivers from the full annual assessments of Congregations. Any Congregation may appeal to Council for a waiver of the assessment on the basis of financial hardship, or other reasons as agreed with Council. Council shall require that the appeal include a plan for working toward full payment of the assessment.

Sec. 6. Full payment of the assessment shall be required of all Congregations effective January 1, 2019. Failure to make full payment or to receive a waiver shall result in the following:

(a) The Treasurer of the Diocese will provide a notice of non-compliance to the Congregation and set a date for the Congregation to provide written response with an explanation of the circumstances underlying the non-compliance. The Treasurer will review and consider the response, requesting any additional information, and then present the response to the Executive Committee of the Council. The Executive Committee will determine whether further action is warranted.

(b) If the Executive Committee determines that further action is required, it will arrange a meeting between appointed representatives of the Council and representatives of the Congregation, to include at minimum the clergy person in charge of the Congregation, if any, the Senior or Bishop's Warden, and Treasurer, to discuss the Congregation's non-compliance. A determination of further action will be taken at that time.

(c) If the representatives of the Council determine that further action is warranted, it will request that the Congregation prepare a strategic plan, outlining the steps the Congregation intends to take to come into compliance, along with projected dates by which these steps will be taken. The Diocese will provide all reasonable resources and advice in preparing this strategic plan. The Congregation shall keep the Treasurer apprised of the progress toward realizing this plan, including any material difficulty in achieving it.

(d) If a suitable resolution cannot be achieved through the foregoing process, the Council will determine whether it is appropriate to recommend to the Bishop and the Convention that the process adopted herein be applied.

Sec. 7. Any Congregation which has failed to pay its total requested assessment for the preceding year and has not been granted a waiver by Council shall, by a majority vote of the Convention, be subject to the following process, effective immediately, until such time as it restores its ability to participate fully in the life of the diocese or receives a waiver from Council:

(a) Notwithstanding the provisions of Canon 4, the Congregation shall be represented at Convention by not more than one (1) Lay Deputy and not more than one (1) Alternate.

(b) The Congregation shall be moved to mission status.

Sec. 8. Not less than thirty (30) days prior to the opening session of the Convention Council shall make such revisions in its proposed budget as may be necessitated or permitted based upon Congregational commitments. If the proposed budget uses other resources to balance the proposed budget, Council shall include in its description of the proposed budget a statement of the sources and amounts of such resources and Council's justification for the use of such funds for operating expenses in the current budget. ("Other resources", as used in this canon, shall mean funds identified in the most recent financial statements of the Episcopal Church Foundation of the Diocese as principal of, as opposed to income from, 'unrestricted funds', 'designated funds', 'funds functioning as endowments' or 'temporarily restricted funds', or either income from or principal of 'restricted funds' for which the restrictions have expired.) Council shall cause a copy of the revised budget to be sent to all clergy and Lay Deputies as part of the advance reports to the Annual Convention of the Diocese.

Sec. 9. Council's proposed budget shall be submitted to the Convention and, if approved by Convention, it shall take effect beginning on the following January 1st. The Convention may amend the budget proposed by Council, but all amendments to the proposed budget during an Annual Convention must be submitted in writing. Any amendment that would increase total budgeted expenditures must include a corresponding amendment to increase anticipated income in like amount, and any amendment that would decrease total budgeted income must include a corresponding reduction in total expenditures in like amount, specifying each expenditure to be reduced. No amendment submitted during the Convention may be voted on by Convention until at least sixty (60) minutes after it has been submitted in writing to the Convention and no such amendment submitted less than sixty (60) minutes prior to adjournment may be accepted.

CANON 17

TRUSTEES AND COUNCIL OF
PROTESTANT EPISCOPAL DIOCESE OF KENTUCKY

Sec. 1. The Trustees and Council, herein referred to as "the Council", shall, subject to the authority of the Convention, manage the temporal affairs of the Diocese.

It shall consist of the following members:

1. The Bishop Diocesan, the Bishop Coadjutor, if there be one, and the Bishop Suffragan, if there be one;
2. The Secretary of the Diocese;
3. The Treasurer of the Diocese;
4. The Chancellor of the Diocese;
5. Sixteen (16) Trustees: Of the Trustees, six (6) shall be Lay Persons, adult member communicants in good standing, elected by the Convention of the Diocese; six (6) shall be Presbyters elected by the Convention of the Diocese; one (1) shall be a Lay Person not less than fourteen (14) nor more than eighteen (18) years of age nominated by the Bishop and confirmed by the Council; and three (3) shall be other Lay Persons nominated by the Bishop and confirmed by the Council. Of the twelve (12) elected Trustees, two (2) Presbyters and two (2) Lay Persons shall be elected each year to three (3) year terms to fill the places of those whose terms expire. The four (4) nominated Trustees shall serve for such terms, staggered or concurrent, as the Bishop may determine in a particular case, provided, however, that no such term shall be for a period in excess of three (3) years.
6. One (1) Deacon nominated by the Bishop and confirmed by the Convention of the Diocese, who shall have a seat on the Council with all privileges. The nominated and confirmed Deacon shall hold office for three (3) years.

Sec. 2. The Bishop shall be President of the Council, and it may elect such other officers and appoint such other agents as may be deemed proper, and shall have power to fill, until the next Diocesan Convention, any vacancies that occur among the Trustees during the recess of the Convention; provided, however, that the Secretary, Treasurer, and Chancellor shall be elected and appointed to their respective offices in accordance with the appropriate provisions of the Canons of the Diocese of Kentucky. A majority of all members shall constitute a quorum.