

Interpretation of 2018 Conference Apportionment Budget

The Conference budget for 2018 is \$22,020,804, a **decrease** of \$113,292 versus the approved 2017 budget. Conference direct mission and ministry budgets comprise 62.2% of the Conference portion of the budget versus 59.26% in 2017.

This budget includes a 1.3% salary increase for the Cabinet and 2.5% salary increase for UM Center staff.

General Church apportionments reflect an increase of 4.0%.

CONFERENCE FUNDS:

AREA I. MINISTERIAL SUPPORT	
Episcopal Residence/Office/Discretionary	\$ 290,000
District Superintendents' Compensation	1,871,550
District AA Pension/Ins	90,000
Equitable Compensation Fund	310,000
Board of Ordained Ministry	<u>333,000</u>
Total Area I	<u>\$ 2,894,550</u>

The Episcopal Residence and Office Fund provides the conference share of financial support for the office and residence expense for North Georgia's Resident Bishop. In 2018, the General Church share of residence support is \$10,000, while the General Church's share of office support is \$84,558. The increase in Area I is primarily due to the reestablishment of the full-time Executive Assistant to the Bishop position (This position was full-time from 1999-2011).

The District Superintendents' Compensation line item represents salaries, health insurance and pension benefits for the twelve (12) district superintendents of our conference.

The Equitable Compensation Fund enables our conference to ensure all appointed clergy will receive Conference minimum compensation.

The Board of Ordained Ministry coordinates, with the Cabinet, deployment and credentialing of clergy. Additionally, it coordinates the provision of support for conference clergy through myriad services, continuing education activities, seminars and counseling support, which is essentially a clergy-specific expanded EAP Program subsidized by the Annual Conference. This ministry enables our conference to meet the high standards and expectations of local church congregations.

AREA II. RETIRED MINISTERS PENSION/INSURANCE

Retired Minister Insurance Premiums	\$2,125,000
Benefits Office Staff and Admin Exp.	240,000
Disability Premiums	210,000
Retirees' Past Service Pension (Pre-1982)	500,000
Retiree Medical Supplement Liability	<u>500,000</u>
Total Area II	<u>\$3,575,000</u>

Retired Minister Pension/Insurance reflects funding in order to assure continued “full funded” status despite actuarial risk factors.

Also included is the OneExchange defined contribution funding for the Health Reimbursement Account for retired/eligible clergy and Conference staff. The amount is based on claims expenses passed on to the Conference by WesPath (formerly known as the General Board of Pension and Health Benefits). The benefit per claimant is currently capped at \$3600/annum. This program allows us to manage and address the retiree medical insurance **net** unfunded liability, estimated to be \$5,300,000 as of 12/31/2016.

AREA III. ADMINISTRATIVE FUND

Annual Conference Session/Journal/Handbook \$ 190,000

This line item represents total direct Annual Conference session production expenses including documentation.

The following Area III office "sub totals" include director and staff salaries and benefits and office related expenses.

Office of Treasurer/Admin/IT Services \$ 640,000

This office develops, maintains and administers a comprehensive plan of fiscal and administrative policies, processes and services for the all Conference's administrative ministries. Additionally, the office provides workshops for clergy and laity who serve as church treasurers, financial secretaries, business administrators and finance committee chairpersons. This office also administers all conference databases and computer equipment. The IT Director and assistant also provide support for the district offices.

Office of Ministerial Services and Spiritual Formation \$ 371,450

This office provides for the many needs of those who have dedicated their lives to God's service through the church, including maintenance of clergy service records/files. This department also provides for credentialing and support of all conference clergy.

BOT/"New" Methodist Center Operating Expenses \$ 110,000

This represents net operating expenses for the conference offices, including insurance and telephone service for the new leased space.

Council on Finance and Administration \$ 115,000

This includes conference and district audit fees, legal fees and meeting expenses for CFA.

Cabinet Expenses \$ 75,000

This represents expenses for Cabinet members related to Cabinet meetings, including Annual Conference session and Pastor's School.

Total Area III \$1,501,450

AREA IV. CONFERENCE BENEVOLENCES

Connectional Ministries:

Administrative Support & Staff	\$ 840,495
Communications	\$ 247,000
Program/Ministry Teams	\$ 237,000
Camp and Retreat Ministries	\$ 361,800
Conference Leadership Development	<u>\$ 30,000</u>

Sub Total Connect. Ministries \$1,716,295

The Connectional Ministries functions are responsible for equipping and training local church leaders for effective ministry.

Action Ministries \$ 575,000
This ministry continues the transformation of communities by counteracting social issues such as poverty, hunger and homelessness.

Housing and Homeless Council \$ 10,000
This line item will patially fund staffing and office expenses.

Ministry of the Laity \$ 45,000
The Conference Board of Laity fosters awareness of the role of laity both within the local congregation and through their ministries, develops and promotes stewardship, provides for training of lay members, provides support and direction for ministry of the laity and provides organization, direction and support for the development of local church leaders.

Total Area IV \$2,346,295

AREA V. CAPITAL FUNDING

CAPEX \$ 25,000
This represents funding for office equipment, computers and replacement for 3 old PowerPoint projectors.

UM Center Replacement Reserve \$250,000
This is included in order to build a reserve fund to either continue leasing the UM Center after lease expiration, or to have funding to consider building.

Total Area V \$275,000

AREA VI. HIGHER EDUCATION AND CAMPUS MINISTRY

Total Area VI \$ 1,453,000
This line item represents support to the nine (9) United Methodist Colleges (7 in NGA) and eighteen (18) Wesley Foundations (12 in NGA) on college campuses in Georgia. The balance goes to support office expenses and capital funding.

AREA XII. CONGREGATIONAL DEVELOPMENT

Total Area XII \$ 2,544,800

This budget includes funding for the following activities:

The Office of Congregational Development and Staff - The salaries, benefits and expenses for personnel in the Office of Congregational Development.

New Church Salary and Support - These funds are used to underwrite the compensation packages of our new church pastors and also to provide some start-up funding.

Market Research - These funds are used to maintain a contract with a demographic consultant and to provide partnership opportunities with districts to develop district strategies.

New Pastor Coaching- These funds are used to conduct the NExT Clergy Leadership Development Program.

CONTINGENCY RESERVE \$250,000

SUB TOTAL

2018 CONFERENCE BUDGET \$14,840,095

GENERAL CHURCH FUNDS:

AREA VII. BLACK COLLEGE FUND

Total Area VII \$ 493,788

This line item represents our denomination's support, via supplements, of the operations and capital funding of historically black colleges and medical schools related to the United Methodist Church, including Clark Atlanta University and Paine College.

AREA VIII. MINISTERIAL EDUCATION FUND

Total Area VIII \$ 1,237,903

This ministry provides our churches financial support for the recruitment and education of our future pastors and bishops. Please note that our conference retains 25% of the fund balance for use in our conference. The retained fund

balance as of 12/31/2016 is \$270,354. Scholarship grants can total \$1,000 per semester for undergraduate studies (certified candidates only) and \$3,000 per semester for seminary students with a lifetime maximum per student of \$26,000.

AREA IX. INTERDENOMINATIONAL COOPERATION FUND

Total Area IX \$ 96,813

This fund enables United Methodists to have a presence in the activities of ecumenical organizations, and provides our United Methodist share of the basic budgets of those organizations which relate to the ecumenical responsibilities of the Council of Bishops and the General Commission on Christian Unity and Inter-religious Concerns. Included in this fund in 2018 is support for:

National Council of Churches	\$29,300
World Council of Churches	\$25,680
World Methodist Council	\$22,700
Pan-Methodist Commission	\$ 1,170
Ecumenical Office and Travel	\$12,605
Interreligious Relations	\$ 1,760
Other	\$ 3,598

AREA X. WORLD SERVICE FUND

Total Area X \$ 3,665,107

The World Service Fund enables our denomination to strengthen its evangelism efforts, stimulate church growth, expand Bible studies and enrich spiritual commitment. This fund allows us to share in a worldwide ministry, including support for missionaries.

AREA XI. AFRICA UNIVERSITY

Total Area XI \$ 110,508

This fund supports the development of the first private university for young men and women from all over Africa. Courses of study include agriculture, theology, medicine and dentistry, education, technology and management.

AREA XIV. EPISCOPAL FUND

Total Area XIV \$ 1,085,388

This fund pays the annual salaries (approximately \$155,000) and benefits of active bishops worldwide and some support for the retired bishops worldwide, funds the majority of the expenses related to episcopal offices and a portion of

episcopal residence expenses. It also funds episcopal travel and moving expenses. 51 Jurisdictional and 18 Central Conference bishops receive support from this fund. The salary for active U.S. Bishops in 2018 will be \$159,162.

AREA XV. GENERAL ADMINISTRATION FUND

Total Area XV \$ 435,202

This area funds those General Church activities that are specifically administrative in nature, such as the General Council on Finance and Administration, General Conference session, Archives and History and Judicial Council.

SUBTOTAL 2018 GEN CHURCH BUDGET \$7,124,709

For more information on the General Church Budget go to:

http://s3.amazonaws.com/Website_GCFA/reports/financial/2017-2020_Financial_Committment_Book_FINAL_071316_02.pdf

AREA XVI. JURISDICTIONAL MISSION & MINISTRY FUND

Total Area XVI \$ 56,000

This area supports the administrative functions of the Southeastern Jurisdiction.

GRAND TOTAL 2018 BUDGET \$22,020,804

How Are Apportionments Computed?

Step 1: Conference determines annual budget, consisting of several ministries and programs, including retired ministerial support, regional ministries, new church development, General Church and Jurisdictional apportionments to the North Georgia Conference.

Step 2: At calendar year-end, the local church completes the Local Church Report to the Annual Conference. (For the 2018 recommended budget, the latest available reports are the 2016 year-end reports.)

Step 3: The Treasurer's Office accumulates all local church reports and determines each local church's **operating expenses**. **Operating expenses** consist of salaries, pension benefits, clergy housing-related expenses, expense

reimbursements, current program expenses, expenses related to commercial insurance and other current operating expenses. Operating expenses (also referred to as "decimal" expenses) do NOT include: Elder HealthFlex insurance expenses (Table 2, Line 47 of the Year-End Report), payments on indebtedness, or capital-related expenditures. Also, expenses related to "self-sustaining" activities and local benevolences are NOT considered operating expenses.

Step 4: The Treasurer's Office totals the local church operating expenses for ALL 850+ North Georgia United Methodist churches. For year end 12/31/2016, this total was \$193,585,604 (an **increase of 0.907%** over 2015).

Step 5: We determine "the decimal." This is the conference budget divided by total church operating expenses (from step four). The decimal for 2018 is .114, or 11.4 %. This is a **reduction of 0.2 percentage points** from the 2017 budget. **This means that the Conference budget, expressed as a percentage of local church expenditures, in aggregate, is down 1.7% versus the 2017 budget (0.2/11.6).**

Step 6: We multiply an individual church's operating expenses by the decimal, arriving at the total gross apportionment. We then prorate the gross apportionment to fifteen individual apportionment line items.

Step7: Churches above 1000 members will have a "reasonableness test" applied to their apportionments (see formula below), and the Cabinet **might** adjust the computed apportionments for certain churches within that size range. This methodology was approved at AC 2006.

Step 8: We sum the apportionment for each individual district and send this information to the district offices. District Superintendents review the apportionments as calculated, **and may make adjustments to the calculated amounts.** Such adjustments should be made only after discussion with the church's senior pastor. Note that the District's aggregate apportionments cannot be changed.

Step 9: District superintendents notify local churches of their apportionment amounts. This information is provided to the pastors via "Local Church Apportionment Reports" at the summer/fall district set-up meetings.

Please note that churches that are considered "newly constituted" have 5 years to transition into their full computed apportionment. In effect, the difference between their *computed* apportionment and what they are *actually* apportioned is subsidized by the other churches in the Conference for a five year period. (This is accomplished generally by apportioning in increments of 20% of computed apportionments per year for 5 years-20% in year 1, 40% in year 2, etc.)

Detailed Explanation of Step 7 as originally approved at 2006 Annual Conference Session (and re-ratified each year since):

In order to assure that our apportionment computation and allocation system is as equitable as possible, we recommend that a "reasonableness test" be implemented, which will work as follows-

- a. Existing apportionment formula and rules for year-end report completion remain unchanged.
- b. After the apportionments have been computed for all churches, three (3) comparative groups will be established-churches with membership from 1000-1999; 2000-2999; 3000+
- c. The aggregate apportionments for each group will be divided by the aggregate membership of each group in order to calculate an average apportionment/member for each group.
- d. Any church whose apportionment/member falls below the average for its group will be referred to the Cabinet for discussion about possibly being moved up to the group average over a three (3) year period. Group average calculations will occur each year based on the latest reported membership statistics.
- e. The Cabinet will review the apportionments for the churches in all 3 groups and will, as a body, discuss and might make adjustments to each church whose apportionment is below the average for its size range.
- f. Apportionments added to the affected churches will not be offset by reductions in other churches, and will be applied to Conference-specific apportionment line items ONLY and will NOT be added to General or Jurisdictional line items.

Information Only

Note: Information reported by our churches on the year end “Table III” report, which is a report of revenues, indicates the following-

• Aggregate amount received through pledges	\$129,492,538
• Aggregate amount received through non-pledging, identified givers	\$126,262,201
• Aggregate amount received from Unidentified givers	<u>\$ 5,966,226</u>
Total “normal” giving	<u>\$261,720,965</u>

The 2018 budget, expressed as a percentage of aggregate “normal” revenues, is 8.4%.