any recommendations as to changes in goals and guidelines in light
of material and sustained changes in the capital market; and
any significant change in the manager’s investment outlook,
ownership or key employees.
A report of current investment mix and variance from target (if
any)
A report on changes in target allocation

Records
The CFA, CBOPHB and the Investment Committee shall keep a proper and
prudent paper trail of all important documents, meeting minutes and other
information relating to the management of the Fund. They shall be available at:
Address: 1700 Century Circle NE, Suite 100, Atlanta GA 30345
Custodian of the Records: Conference Treasurer

The recommendations and approved changes to the investment policy may be
incorporated directly into the policy as a revision and restatement or noted in
the addendum until such time as the investment policy is revised and restated.

Revised 3/24/15

208.j. Council on Finance and Administration

The work of the Council on Finance and Administration (CF&A) to develop a
fiscally sound and responsive budget for the North Georgia Conference is both
a blessing and a challenge. The prayerful consideration of our local churches
who continue to demonstrate the strengths of our connectional system through
their faithful response in giving is a definite priority. Likewise, the ministry
needs of our annual conference and global work, which are a similar priority,
demand we carefully examine the many deserving requests for funding which
inevitably stretch the conference’s revenue expectations. The work of the
CF&A this year began on February 15, 2016 as we prayerfully began to receive
2017 budget requests.

The context of our work was: These factual circumstances require that
financial prudence and spiritual balance combine to produce a responsible
recommended budget that proportionally increases ministry and proportionally
decreases institutional costs. The members of the Council feel that we were able
to achieve that goal. The recommended 2017 budget is $22,134,096 or $58,540
(0.3%) higher than the 2016 budget. The increase is due in large part to an increase in the 2017 General Church apportionments. This is the first time in eight years that the budget (or recommended budget) has increased. The summary is as follows: Conference mission/ministry program budgets are up, institutional/legacy costs are down, and General Church line items increased by 2.0%.

CF&A is adhering to its own recommendations regarding competitive proposals for services. Audit fees and bank fees both were substantially reduced as a result of a formal “Request for Proposal” effort. Combined savings approach $60,000 per year as a result of this initiative. We encourage other ministries and agencies to be alert to the opportunity to reduce non-ministry expenses via a process of requesting comparative proposals.

CF&A believes that we need to continue to plan for a future that includes the ability to fully fund our obligations without unduly burdening the future operating budgets of our local churches. As a part of this, we recommend the continuance of establishing reserves for matters such as retirement obligations, medical obligations, future campus / rental needs and general budgetary reserves, and our recommended budget includes these planning matters.

There is very positive news as we look to the future. The North Georgia Foundation for Retired Ministers contributed $4 million toward the pre-1982 unfunded liability in April 2016. This payment allows the conference to achieve “full funded status” (utilizing GBOPHB Funding Plan assumptions) for the pre-1982 plan in 2016.

North Georgia United Methodists have faced financial challenges to be sure. But the economy has improved, membership increased, the conference’s balance sheet is the strongest that it has been in over a decade, our faith remains strong, our outlook positive, our attitude joyous and our giving worthy of celebration! Together, we will continue to work in all ways and in all places to be obedient to the mission of the United Methodist Church: To Make Disciples of Jesus Christ for the Transformation of the World. Thank you for all you do for Christ through our partnership in the UMC.

Sean Taylor, CPA, Chair
208.k. 2016 Council on Finance and Administration Recommendations

1. We recommend that the conference elect Keith M. Cox as the Conference Treasurer and Director of Administrative Services.

2. We recommend that each district continue to be responsible for funding of conference expenses for its at-large delegates. Funding levels will be at the discretion of the respective district superintendent.

3. We recommend that lay volunteers serving on annual conference committees and task forces be reimbursed their mileage costs at the prevailing IRS employee rate.

4. We recommend in addition to those observances set by the General Conference (defined in 2012 Book of Discipline Paragraph 262), the following special days, with offerings, but without quotas, be observed in 2017: Homeless Offering (last Sunday in February), Mother’s Day Offering for Wesley Woods Senior Living (Mother’s Day, second Sunday in May), Murphy-Harpst (third Sunday in July), Golden Cross (third Sunday in August), United Methodist Children’s Home Amazing Grace Offering (third Sunday in September), Aldersgate Homes (fourth Sunday in October), Action Ministries (first Sunday in December).

5. We recommend that each of the following be permitted to have one direct mail appeal for funds in 2017: the United Methodist Children’s Home; Action Ministries; Aldersgate Homes, Inc; and the World Methodist Evangelism Institute.

6. We recommend that all special day offerings be scheduled through the Director of Connectional Ministries so as to avoid calendar conflicts.

7. We recommend the adoption of the apportionment formula approved at Annual Conference 2006, and used each year since, as described in the 2017 Recommended Budget Interpretation, which is attached.

8. We recommend that all churches and conference-related agencies ensure that their internal control systems are adequate to safeguard their assets as well as to insure compliance with completing an annual audit pursuant to section 58(4)(d) of the 2012 Book of Discipline. For churches whose operating budgets are less...
than $500,000, we recommend that those churches consider utilizing the “Local Church Audit Guide” to fulfill their audit obligation.

9. We recommend that local churches institute or update risk management practices and procedures to protect church assets, employees and volunteers. This includes expeditiously moving to comply with practices defined in the “Safe Sanctuaries” program and to monitor compliance with that program.

10. We recommend that all clergy either living in church-owned parsonages and/or that maintain personal belongings in a church-owned office, seek counsel from their insurance agent about securing insurance coverage for their personal property.

11. We recommend that all key third party providers of professional services be reviewed by the appropriate department/ministry for efficacy every three years. The review(s) will be forwarded to CFA for its input. (For those who have recently been reviewed, one will not be necessary until no later than 6/30/20).

12. We recommend that a “request for proposal process” be utilized for the provision of all external professional services for conference-funded ministries.

13. We recommend that a joint committee of CFA, CBOT and the Cabinet continue to jointly study district office administration with the goal of ensuring that best practices are utilized. We further recommend that a report be made to Annual Conference about the results of the study during annual conference session 2017.
# 208.1. Recommended 2017 Budget

## North Georgia Annual Conference
### Budget Summary
#### 2017 Budget - Recommended by CFA with General Church and SEJ Adjustments

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Resident Bishop</td>
<td>60,000</td>
<td>75,123</td>
<td>91.9%</td>
<td>81,640</td>
<td>114,000</td>
<td>42,877</td>
<td>55.1%</td>
<td>42,805</td>
<td>53.3%</td>
</tr>
<tr>
<td></td>
<td>Dist Suppl Compensation</td>
<td>1,758,662</td>
<td>1,773,369</td>
<td>96.8%</td>
<td>1,826,335</td>
<td>1,947,531</td>
<td>74,202</td>
<td>4.2%</td>
<td>18,262</td>
<td>1.9%</td>
</tr>
<tr>
<td></td>
<td>District AKS Pension/Insurance</td>
<td>0</td>
<td>0</td>
<td>-</td>
<td>100,000</td>
<td>80,000</td>
<td>-</td>
<td>-</td>
<td>(20,000)</td>
<td>-20.0%</td>
</tr>
<tr>
<td></td>
<td>Equitable Comp Fund</td>
<td>200,000</td>
<td>271,371</td>
<td>135.7%</td>
<td>325,000</td>
<td>325,000</td>
<td>8000</td>
<td>19.8%</td>
<td>8</td>
<td>0.0%</td>
</tr>
<tr>
<td></td>
<td>Board of Ordained Min</td>
<td>1,750,000</td>
<td>1,947,531</td>
<td>112.6%</td>
<td>1,947,531</td>
<td>2,354,781</td>
<td>8000</td>
<td>4.2%</td>
<td>26,425</td>
<td>-1.4%</td>
</tr>
<tr>
<td></td>
<td>Total Min Support/Comp</td>
<td>2,456,262</td>
<td>2,365,638</td>
<td>96.9%</td>
<td>2,861,334</td>
<td>2,854,781</td>
<td>2,89,746</td>
<td>12.5%</td>
<td>(28,425)</td>
<td>-10.6%</td>
</tr>
</tbody>
</table>

| Area II | Ret Min Pension and Ins |                  |                |                  |                      |                        |                                |                     |                                  |                     |
|         | Retired Health Ins Premiums | 2,350,000         | 3,170,853      | 92.4%             | 3,375,092            | 2,225,000              | 54,041                         | 2.5%                | (150,000)                         | -4.3%               |
|         | Office Admin              | 255,500             | 253,162        | 98.2%             | 275,000              | 265,000                | 21,539                         | 7.8%                | 10,000                            | 3.5%                |
|         | Disability Premiums       | 125,000             | 168,635        | 74.5%             | 185,000              | 167,000                | 18,500                         | 10.9%               | 8,000                             | -4.1%               |
|         | Future Ret Medical Ins Reserves | 0           | 0               | -                 | 500,000              | 500,000                | -                              | -                   | 500,000                           | -                   |
|         | Pre 1982 Pension Funding  | 3,490,000           | 4,600,680      | 117.6%            | 5,000,000            | 1,000,000              | (3,000,000)                    | -75.0%              | (3,000,000)                      | -33.3%              |
|         | Total Ret Min Pen and Ins | 6,241,500           | 6,603,853      | 105.8%            | 6,234,700            | 4,197,000              | (2,037,000)                    | -31.4%              | (68,000)                          | -2.3%               |

| Area III | Administration |                  |                |                  |                      |                        |                                |                     |                                  |                     |
|          | Annual Conf Service and Ren | 210,000          | 276,877        | 131.3%            | 215,000              | 165,000                | (11,877)                      | -3.0%               | (11,000)                         | -2.3%               |
|          | Treasurer and Admin Services | 570,000         | 576,815        | 99.9%             | 610,000              | 615,000                | 38,185                         | 6.6%                | 15,000                            | 2.5%                |
|          | Office of Ministerial Services | 371,705        | 380,671        | 102.7%            | 440,000              | 401,159                | 20,169                         | 5.5%                | (39,841)                         | -8.9%               |
|          | GFA                          | 127,000           | 123,682        | 97.5%             | 115,000              | 115,000                | (8,000)                       | -7.1%               | 0                                 | 0.0%                |
|          | Cabinet Expenses            | 50,000            | 53,212         | 106.4%            | 50,000               | 50,000                 | (2,212)                       | -4.2%               | 0                                 | 0.0%                |
|          | Board of Trustees            | 125,000           | 116,011        | 92.8%             | 93,500               | 203,351                | (92,851)                      | -33.2%              | 7,500                             | 8.0%                |
|          | Total Administration         | 1,451,705         | 1,529,688      | 104.2%            | 1,505,095            | 1,450,055              | (55,040)                      | -3.7%               | (68,345)                         | -3.2%               |

Page 1 of 3
208.1. Recommended 2017 Budget, continued

North Georgia Annual Conference
Budget Summary
2017 Budget - Recommended by CFA with General Church and SEJ Adjustments

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Conference Benevolences</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Conventional Ministries</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Ministry Teams</td>
<td>216,600</td>
<td>202,055</td>
<td>68.0%</td>
<td>310,000</td>
<td>390,000</td>
<td>87,525</td>
<td>28.0%</td>
<td>(10,000)</td>
<td>-3.2%</td>
</tr>
<tr>
<td></td>
<td>NI GA Camp and Retreat Min</td>
<td>290,000</td>
<td>272,000</td>
<td>94.0%</td>
<td>361,000</td>
<td>381,000</td>
<td>85,200</td>
<td>23.7%</td>
<td>0</td>
<td>0.0%</td>
</tr>
<tr>
<td></td>
<td>Leadership, ID and Dev</td>
<td>30,000</td>
<td>25,000</td>
<td>83.3%</td>
<td>30,000</td>
<td>30,000</td>
<td>5,000</td>
<td>20.0%</td>
<td>0</td>
<td>0.0%</td>
</tr>
<tr>
<td></td>
<td>Communications Office</td>
<td>97,641</td>
<td>91,058</td>
<td>92.4%</td>
<td>907,895</td>
<td>877,895</td>
<td>55,107</td>
<td>6.0%</td>
<td>(30,000)</td>
<td>-3.3%</td>
</tr>
<tr>
<td></td>
<td>Total Conventional Ministries</td>
<td>1,832,649</td>
<td>1,545,315</td>
<td>85.1%</td>
<td>1,955,785</td>
<td>1,919,785</td>
<td>27,997</td>
<td>1.5%</td>
<td>(40,000)</td>
<td>-2.1%</td>
</tr>
<tr>
<td></td>
<td>Action Ministries</td>
<td>566,600</td>
<td>446,550</td>
<td>80.3%</td>
<td>555,600</td>
<td>575,000</td>
<td>19,400</td>
<td>3.5%</td>
<td>19,400</td>
<td>4.4%</td>
</tr>
<tr>
<td></td>
<td>Housing &amp; Homelife Council</td>
<td>15,000</td>
<td>18,087</td>
<td>92.9%</td>
<td>15,000</td>
<td>15,000</td>
<td>2,013</td>
<td>13.3%</td>
<td>0</td>
<td>0.0%</td>
</tr>
<tr>
<td></td>
<td>Ministry of the Laity</td>
<td>45,000</td>
<td>42,261</td>
<td>93.9%</td>
<td>45,000</td>
<td>45,000</td>
<td>2,739</td>
<td>6.0%</td>
<td>0</td>
<td>0.0%</td>
</tr>
<tr>
<td></td>
<td>Total Conf Benevolences</td>
<td>2,134,649</td>
<td>1,970,664</td>
<td>92.9%</td>
<td>2,408,785</td>
<td>2,451,785</td>
<td>323,055</td>
<td>13.4%</td>
<td>115,000</td>
<td>-4.9%</td>
</tr>
<tr>
<td></td>
<td>Capital Funding</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Capital Acquisition</td>
<td>35,000</td>
<td>27,438</td>
<td>78.4%</td>
<td>35,000</td>
<td>50,000</td>
<td>22,562</td>
<td>63.9%</td>
<td>15,000</td>
<td>43.3%</td>
</tr>
<tr>
<td></td>
<td>Math Center - LT Reserve</td>
<td>0</td>
<td>0</td>
<td>-</td>
<td>0</td>
<td>250,000</td>
<td>250,000</td>
<td>-</td>
<td>250,000</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Debt Service</td>
<td>58,500</td>
<td>6,251</td>
<td>14.1%</td>
<td>0</td>
<td>0</td>
<td>(6,251)</td>
<td>-100.0%</td>
<td>0</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Total Capital Funding</td>
<td>93,500</td>
<td>33,689</td>
<td>35.9%</td>
<td>35,000</td>
<td>525,000</td>
<td>548,511</td>
<td>740.9%</td>
<td>265,000</td>
<td>757.1%</td>
</tr>
<tr>
<td></td>
<td>Higher Ed &amp; Campus Ministry</td>
<td>1,220,000</td>
<td>1,126,165</td>
<td>92.9%</td>
<td>1,284,000</td>
<td>1,384,000</td>
<td>254,065</td>
<td>20.6%</td>
<td>100,000</td>
<td>7.0%</td>
</tr>
<tr>
<td></td>
<td>Congregational Development</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Program Expenditures</td>
<td>1,770,888</td>
<td>1,642,021</td>
<td>93.2%</td>
<td>2,025,000</td>
<td>1,815,000</td>
<td>277,000</td>
<td>13.7%</td>
<td>115,000</td>
<td>-4.7%</td>
</tr>
<tr>
<td></td>
<td>Office Support</td>
<td>403,000</td>
<td>615,644</td>
<td>121.7%</td>
<td>516,604</td>
<td>625,000</td>
<td>2,454</td>
<td>1.5%</td>
<td>106,396</td>
<td>19.5%</td>
</tr>
<tr>
<td></td>
<td>Total Congregational Dev</td>
<td>2,173,888</td>
<td>2,257,665</td>
<td>99.2%</td>
<td>2,541,604</td>
<td>2,440,000</td>
<td>277,000</td>
<td>11.3%</td>
<td>221,396</td>
<td>7.9%</td>
</tr>
</tbody>
</table>
# 208.1. Recommended 2017 Budget, continued

## North Georgia Annual Conference

### Budget Summary

**2017 Budget - Recommended by CFA with General Church and SEJ Adjustments**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Area XII S’wood Conf and Retreat Ctr</td>
<td>91,887</td>
<td>95,892</td>
<td>93.7%</td>
<td>0</td>
<td>0</td>
<td>(65,852)</td>
<td>-100.0%</td>
<td>0</td>
<td>-</td>
</tr>
<tr>
<td>Undes Res and Comp Full Prmt</td>
<td>250,000</td>
<td>234,250</td>
<td>93.7%</td>
<td>500,000</td>
<td>250,000</td>
<td>15,750</td>
<td>3.4%</td>
<td>(250,000)</td>
<td>-50.0%</td>
</tr>
<tr>
<td><strong>Total North Georgia Conference</strong></td>
<td>16,073,783</td>
<td>16,310,525</td>
<td>100.0%</td>
<td>15,510,736</td>
<td>15,231,257</td>
<td>(1,079,251)</td>
<td>-6.6%</td>
<td>(78,467)</td>
<td>-2.5%</td>
</tr>
<tr>
<td>VII Black College Fund</td>
<td>419,384</td>
<td>438,545</td>
<td>93.9%</td>
<td>464,083</td>
<td>474,576</td>
<td>28,036</td>
<td>5.7%</td>
<td>10,513</td>
<td>2.2%</td>
</tr>
<tr>
<td>VIII Ministerial Education</td>
<td>1,173,924</td>
<td>1,087,893</td>
<td>93.9%</td>
<td>1,165,527</td>
<td>1,182,730</td>
<td>101,823</td>
<td>9.4%</td>
<td>26,113</td>
<td>2.8%</td>
</tr>
<tr>
<td>IX Intendenominal Coop</td>
<td>92,945</td>
<td>84,235</td>
<td>81.3%</td>
<td>91,035</td>
<td>93,046</td>
<td>8,010</td>
<td>10.5%</td>
<td>2,011</td>
<td>2.2%</td>
</tr>
<tr>
<td>X World Service Fund</td>
<td>3,433,061</td>
<td>3,165,114</td>
<td>92.2%</td>
<td>3,588,406</td>
<td>3,622,904</td>
<td>357,808</td>
<td>11.7%</td>
<td>130,838</td>
<td>4.0%</td>
</tr>
<tr>
<td>XI Africa University</td>
<td>105,212</td>
<td>99,019</td>
<td>94.1%</td>
<td>103,884</td>
<td>106,208</td>
<td>2,324</td>
<td>2.2%</td>
<td>2,324</td>
<td>2.2%</td>
</tr>
<tr>
<td>XIV Episcopal Fund</td>
<td>1,024,926</td>
<td>944,565</td>
<td>92.1%</td>
<td>1,092,309</td>
<td>1,043,157</td>
<td>49,152</td>
<td>4.6%</td>
<td>(48,152)</td>
<td>-4.5%</td>
</tr>
<tr>
<td>XV General Church Admin</td>
<td>644,500</td>
<td>379,604</td>
<td>91.8%</td>
<td>405,105</td>
<td>418,269</td>
<td>13,164</td>
<td>10.2%</td>
<td>8,103</td>
<td>2.2%</td>
</tr>
<tr>
<td><strong>Total General Church</strong></td>
<td>6,725,092</td>
<td>6,106,969</td>
<td>91.3%</td>
<td>6,712,172</td>
<td>6,841,492</td>
<td>660,320</td>
<td>10.5%</td>
<td>138,318</td>
<td>2.0%</td>
</tr>
<tr>
<td>Area XVI Southeastern Jurisdiction</td>
<td>94,353</td>
<td>94,318</td>
<td>99.7%</td>
<td>52,849</td>
<td>55,366</td>
<td>(5,517)</td>
<td>-10.5%</td>
<td>2,015</td>
<td>5.2%</td>
</tr>
<tr>
<td><strong>Total Budget</strong></td>
<td>23,101,306</td>
<td>22,851,816</td>
<td>97.9%</td>
<td>22,075,556</td>
<td>22,183,096</td>
<td>(407,716)</td>
<td>-2.0%</td>
<td>95,540</td>
<td>0.8%</td>
</tr>
</tbody>
</table>
208.m. Interpretation of
Recommended 2017 Conference Apportionment Budget

The recommended conference budget for 2017 is $22,134,096, an increase of $58,540 versus the approved 2016 budget. Conference direct mission and ministry budgets comprise 59.26% of the conference portion of the budget versus 58.62% in 2016.

This budget includes the recommendations from CPPPC for a 1.0% salary increase for the cabinet and 2.5% salary increase for UM Center staff (including members of the "extended cabinet").

General Church apportionments reflect an increase of 2.0%.

CONFERENCE FUNDS:

AREA I. MINISTERIAL SUPPORT

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Episcopal Residence/Office/Discretionary</td>
<td>$124,000</td>
</tr>
<tr>
<td>District Superintendents' Compensation</td>
<td>1,847,531</td>
</tr>
<tr>
<td>District AA Pension/Ins</td>
<td>$80,000</td>
</tr>
<tr>
<td>Equitable Compensation Fund</td>
<td>325,000</td>
</tr>
<tr>
<td>Board of Ordained Ministry</td>
<td>278,250</td>
</tr>
<tr>
<td><strong>Total Area I</strong></td>
<td><strong>$2,654,781</strong></td>
</tr>
</tbody>
</table>

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 2017, the General Church’s share of residence support is $10,000, while the General Church's share of office support is $82,900. This increase is due to an increase in the office rental at the new UM Center and possible maintenance and repairs on the residence as we transition to a new bishop.

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. Note that there is a decrease for 2017, due to the use of $100,000 of the Transitioning Fund balance for operational budget purposes.

AREA II. RETIRED MINISTERS PENSION/INSURANCE

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retired Minister Insurance Premiums</td>
<td>$2,225,000</td>
</tr>
<tr>
<td>Benefits Office Staff and Admin Exp.</td>
<td>285,000</td>
</tr>
<tr>
<td>Retirees' Disability Premiums</td>
<td>187,000</td>
</tr>
<tr>
<td>Retirees' Past Service Pension (Pre-1982)</td>
<td>1,000,000</td>
</tr>
<tr>
<td>Retiree Medical Supplement Liability</td>
<td>500,000</td>
</tr>
<tr>
<td><strong>Total Area II</strong></td>
<td><strong>$4,197,000</strong></td>
</tr>
</tbody>
</table>

Retired Minister Pension/Insurance reflects funding for the “market valuation” pre-1982 pension liability, as recommended by the Conference Board of Pensions. Please refer to the Conference Board of Pensions report for a more detailed discussion and analysis.

Also included is the OneExchange defined contribution funding for the Medicare Supplemental Insurance program for retired clergy. The amount is based on claims expenses passed on to the conference by the General Board of Pension and Health Benefits. The benefit per claimant is currently capped at $3600/annum on the total number of claimants at 600. This program allows us to manage and address the retiree medical insurance net unfunded liability, estimated to be $10,300,000 as of 12/31/2015.

AREA III. ADMINISTRATIVE FUND

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual Conference Session/Journal/Handbook</td>
<td>$ 185,000</td>
</tr>
</tbody>
</table>

This line item is decreasing for 2017 due to the fact that 2016 is a general and jurisdictional conference year, which requires some additional expenses for certain extended cabinet members to attend.
The following Area III office "sub totals" include director and staff salaries and benefits and office related expenses.

**Office of Treasurer/Admin/IT Services** $ 615,000
This office develops, maintains and administers a comprehensive plan of fiscal and administrative policies, processes and services for all the 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 computer systems manager also provides support for the district offices.

**Office of Ministerial Services and Spiritual Formation** $ 401,159
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** $ 92,500
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** $ 50,000
This represents expenses for cabinet members related to cabinet meetings, including annual conference session and Pastor's School.

**Total Area III** $1,458,659

**AREA IV. CONFERENCE BENEVOLENCES**

**Connectional Ministries:**
- Administrative Support & Staff $ 877,995
- Communications $ 247,000
- Program/Ministry Teams $ 300,000
- Camp and Retreat Ministries $ 361,800
Conference Leadership Development  $  30,000

Sub Total Connect. Ministries $1,816,795

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. This represents an increase of $25,000 over the 2016 budget.

Housing and Homeless Council  $  15,000
This line item will help 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  $2,451,795

AREA V. CAPITAL FUNDING

CAPEX  $  50,000
This represents funding for office equipment, computers and replacement for three 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  $  300,000
AREA VI. HIGHER EDUCATION AND CAMPUS MINISTRY

Total Area VI  $1,384,000
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  $2,535,000
This proposed budget includes funding for the following activities:

The Office of Congregational Development and Staff - The salaries, benefits and expenses for all 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.

Research and Development - 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 New Church Leadership Academy as well as to train assessment teams.

CONTINGENCY RESERVE  $250,000

SUB TOTAL  2017 RECOMMENDED CONFERENCE BUDGET  $15,231,235

GENERAL CHURCH FUNDS:

AREA VII. BLACK COLLEGE FUND

Total Area VII  $474,576
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 $1,189,738

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 12/31/2015 is $486,706. Scholarship grants can total $1,000 per semester for undergraduate studies and $2,500 per semester for seminary students with a lifetime maximum per student of $20,000.

**AREA IX. INTERDENOMINATIONAL COOPERATION FUND**

Total Area IX $93,046

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 2017 is support for:

- National Council of Churches $31,000
- World Council of Churches $27,000
- World Methodist Council $21,000
- Pan-Methodist Commissions $3,000
- Ecumenical/Multilateral Conv $10,000
- Other $1,046

**AREA X. WORLD SERVICE FUND**

Total Area X $3,522,504

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 $106,208

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 $1,043,157

This fund pays the annual salaries (2016-$147,081) 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.

AREA XV. GENERAL ADMINISTRATION FUND

Total Area XV $418,268

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 2017 EST GEN CHURCH BUDGET $6,847,497


AREA XVI. JURISDICTIONAL MISSION & MINISTRY FUND

Total Area XVI $55,364

This area supports the administrative functions of the Southeastern Jurisdiction.

GRAND TOTAL RECOMMENDED 2017 BUDGET $22,134,096

208.n. 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 2017 recommended budget, the latest available reports are the 2015 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: HealthFlex insurance expenses, 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 900+ North Georgia United Methodist churches. For year end 12/31/2015, this total was $191,225,360 (an increase of 1.9% over 2014).

Step 5: We determine "the decimal." This is the conference budget divided by total church operating expenses (from step 4). The decimal for 2017 (recommended budget) is .116, or 11.6%. This is a reduction of 0.2 percentage points from the 2016 budget. This means that the Conference budget, expressed as a percentage of local church expenditures, in aggregate, is down 1.7% versus the 2016 budget (0.2/11.8).

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.

Step 7: 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 five 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 three 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 $135,784,572
- Aggregate amount received through non-pledging, identified givers $118,806,002
- Aggregate amount received from unidentified givers $6,147,072

Total “normal” giving $260,737,646

The recommended 2017 budget, expressed as a percentage of aggregate “normal” revenues, is 8.5%.
208.o. North Georgia Conference
Council on Finance and Administration

How the 2017 Recommended Conference
Apportionment Budget Was Developed
North Georgia Conference
Council on Finance and Administration

How the 2017 Recommended Conference Apportionment Budget Was Developed

1. The "General Church" sets priorities and develops programs at the General Conference Session for a four (4) year period (the quadrennium). The new quadrennium begins in 2017 and runs through 2020.

The financial support for those worldwide ministries is apportioned to the Annual Conferences, which, in turn, apportion those amounts to the local churches. The 2017 General Church Apportionments are $6,847,497 or 30.9 % of the 2017 Recommended Conference Budget. This is based on the budget approved by General Conference for the new quadrennium ($604M).

For those members who have not traditionally attended a United Methodist or other "connectional" church, supporting a world-wide structure may be a new concept. The United Methodist Church is a worldwide, connectional system and every United Methodist church has the opportunity to support, via apportioned giving, our worldwide ministries.

2. Conference-based and Conference-subsidized programs and ministries requested funding based on their plans and priorities for the upcoming year. These plans are developed by program "conferencing" via staff as well as those serving on boards and committees, such as the Board of Church Development, the Board of Laity, the Board of Pensions and Health Benefits, the Board of Ministry, Action Ministries, et. al.

Representatives from several programs/ministries and their board chairpersons, if applicable, presented their requests to CFA via email and/or in person. CFA reviewed these requests on February 15, 2016.

Those requests were then put in the draft budget.
3. On March 14, 2016 CF&A met to prayerfully review the draft budget. During this meeting, CF&A made adjustments to the draft budget based on several factors, including: budget changes compared to change in local church expenditures; reserve balances; apportionment collection rates from prior years; feedback from the local churches, the Cabinet and other members of the Annual Conference; CF&A made a decision to reduce the Conference portion of the budget while continuing to increase the percentage of the budget allocable to mission and ministry initiatives. The total recommended budget for 2017 is $22,134,096, an increase of $58,540 (+0.3%) from the approved 2016 budget.

4. Through a series of district "pre-Conference briefings," conference staff and representatives of CF&A make themselves available to the delegates to not only present highlights of the budget, but to also answer questions about it.

5. During Annual Conference Session, the budget will be presented to members of annual conference, who represent all local churches.

After the budget is approved, conference staff will calculate the local church apportionments, which represent each church's "share" of the conference and world-wide ministry and mission, using the apportionment calculation methodology described in the "Budget Interpretation."

The apportionments will be provided to each district superintendent, who may alter individual apportionments within his/her district, but not the total amount for the district. It is expected that the DS will have conversations with the affected churches about any changes in the calculated apportionments.

Final apportionments are distributed, by church, by the DS at his/her appointed district setup meeting in late summer/early fall.

The Conference Treasurer's Office will NOT communicate apportionments to any church until after the district set up meetings have concluded! Once the set up meetings have concluded, 2017 apportionments will be posted on the conference website.