

COUNCIL ON FINANCE AND ADMINISTRATION

REPORT #6

BUDGET FOR 2019

The Council on Finance and Administration (CF&A) in keeping with ¶ 614, *The Book of Discipline, 2016*, presents the following budgets of anticipated income and proposed expenses for all funds to be apportioned to churches or charges. The Budget has been reorganized into two types of budget items:

- Type A - This group includes the various budget items which are paid based on vouchers (or when the expense is incurred) and Southeastern Jurisdiction apportionments.
- Type B - This group includes items in the budget which are paid out based on the apportionments collected. This group includes the budget for Christian Higher Education, the Episcopal Office, and the General Church apportionments. The total collected each month is paid out to the agency or office.

The Council expresses appreciation to the various conference committees and conference offices which have worked with the Council to keep our expenses reasonable and in keeping with our revenues. Churches have called on us to be prudent in our spending, and we are thankful for the cooperation we have received in this effort. **The Council is thrilled to report that apportionment collections in 2017 remained at 2016's high level. We are excited that 77% of the churches in our annual conference paid 100% or more of their askings (464 churches).** Another 19 paid between 75% and 100%. The Council commends the Bishop and the Cabinet for their emphasis in encouraging churches to pay their apportionments. We continue to ask that churches who have not been able to pay their apportionments in full to begin working to increase the amount they are paying a little each year. **Out of 600 churches, only 16 paid nothing on their conference apportionments in 2017, a decrease of 3 from 2016, and 4 from 2015.** We look for the day when every church pays something on these askings.

At the end of 2017, our undesignated reserves totaled \$4,055,433.29 (unaudited figure). Our target for undesignated reserves is 3 month's expenses for the Annual Conference (approx. \$3.5 million). As we face the uncertainty of 2019 and 2020, maintaining these reserves seems prudent.

The CF&A is proposing a 2019 budget to be apportioned which is a decrease from the 2018 budget just under six percent (5.96%). Most of the decrease is due to a reduction in the Pre-82 Pension apportionment of \$650,000. This budget does include a small salary increase for conference staff of 2.5% and the Cabinet level increase, along with associated increased taxes and benefits. **The amount to be apportioned to local churches for 2019 will be \$10,062,826.**

Based on the projections below (meaning that we collect 92% of apportionments, spend 100% of our Conference budget and 92% of the General Church apportionments [since we pay those on the amount received], and receive \$25,000 in investment income), we project a deficit of \$412,978. This projected deficit can be lowered if we collect more than 92% and/or spend less than 100% of the budget. While we projected a deficit in 2017, revenues and expenses actually produced a positive surplus of \$185,676. The same was true in 2016, except the positive surplus was over \$145,918.

PROJECTED RECEIPTS FOR 2019

SOURCE OF RECEIPTS:	PROJECTED RECEIPTS:	NOTE #:
1. Apportionments based on 92 % collections of Type A & B items	\$9,257,800	1
2. Income from Registration Fees	21,000	2
3. Investment Income	25,000	3
4. Miscellaneous Receipts	<u>75,000</u>	
TOTAL PROJECTED RECEIPTS	\$ 9,378,800	

	<i>Type A: Paid Based on Expenses</i>	2018 Approved Budget	2019 Projected Budget	Note #:
1	I. Conference Benevolences			
2	Connectional Ministries	549,149	627,049	
3	Arthur J. Moore Museum & Archives/History	122,576	114,576	
4	Hispanic Ministries	280,980	299,865	

	<i>Type A: Paid Based on Expenses</i>	2018 Approved Budget	2019 Projected Budget	Note #:
5	Board of Laity	6,113	8,113	
6	Total Conference Benevolences	958,818	1,049,603	
7				
8	II. Congregational Development			
9	Congregational Development	325,014	326,459	
10	Total Congregational Development	325,014	326,459	
11				
12	III. Clergy Support			
13	District Superintendents' Expenses	1,043,304	1,063,110	
14	Pre-82 Pensions & Benefits	1,303,000	652,600	7
15	Conference Board Of Pensions	60,500	58,500	
16	Comprehensive Protection Plan	715,000	700,000	
17	HealthFlex - Clergy on Disability	170,000	165,000	
18	HealthFlex - Retired Ministers	520,000	520,000	
19	Benefits Underpayment	90,000	90,000	
20	Equitable Compensation	289,800	289,800	
21	Pastoral Counseling Service	196,834	204,881	
22	Conference Board of Ordained Ministry	163,318	64,450	
23	Special S. Ga. Episcopal Funds			
24	Total Clergy Support	4,551,756	3,808,341	
25				
26	IV. Administration			
27	Conference Council on Finance & Admin.	6,650	3,950	
28	Personnel Committee	0	2,700	
29	Administrative Services Office	719,385	735,044	
30	Communications Office	177,687	182,060	
31	<u>Other Conference Administrative Areas</u>			
32	1. Annual Conference Session Expenses:			
33	Local Arrangements Committee	67,900	70,300	
34	Annual Conference Program	34,400	30,400	
35	Retired Ministers - per diem	16,000	16,000	
36	At-Large Lay Delegates - per diem	20,000	22,000	
37	2. Conference Secretary & Journal	8,000	8,000	
38	3. Committee on Memoirs	1,000	1,000	
39	4. Conference Trustees	6,700	6,500	
40	5. Worker's Compensation Insurance	15,000	11,000	
41	6. Leadership Forum	4,000	5,000	
42	7. Strategic Initiative Team	5,000	6,000	
43	8. Local Church Treasurer's Bond	7,500	7,500	
44	9. General and SEJ Delegate Expense	3,000	6,000	4
45	10. Committee on Nominations	1,400	1,400	
46	Episcopal Committee	1,200	1,200	
47	Episcopal – S. Ga Office Expense	111,438	212,250	
48	Contingency Funds	75,000	50,000	5
49	Legal Fees	91,300	91,300	
50	Total Administration	1,372,560	1,469,604	
51				
52	V. SEJ Mission and Ministry	20,713	20,713	
53				
54	<i>Type A Totals: Paid Based on Expenses</i>	7,228,861	6,674,720	

	<i>Type B: Paid Based Money Received</i>	2018 Approved Budget	2019 Projected Budget	Note #:
55				
56	GA UM Christian Higher Education	767,370	792,370	
57	Episcopal - S. Ga Area Residence Exp. (III,c)	20,000	20,000	
58	<i>General Church Apportionments</i>			
59	1. World Service Fund	1,361,460	1,325,015	
60	2. Africa University Fund	41,050	39,951	
61	3. Black College Fund	183,425	178,515	
62	4. Episcopal - General Church Apportionment	403,184	392,391	
63	5. General Administration Fund	161,662	157,335	
64	6. Interdenominational Cooperation Fund	35,963	35,000	
65	7. Ministerial Education Fund	449,838	447,529	
66				
67	<i>Type B: Paid Based on Money Received</i>	3,433,952	3,388,106	

68	2019 Total Conference Budget	10,662,813	10,062,826	
69	Projected deficit if collect 92%/spend 100% of Type A and Type B items	-732,025	-684,026	
70	Projected deficit if collect 92%/spend 100% of Type A items/spend 92% of Type B items (our practice)	-448,394	-412,978	6
71	Contingency to Avoid Using Reserves			

Budget Notes:

- 1- The CF&A has projected that our collections on apportionments will be 92% which is the same amount projected for 2018, and an increase in the amount we collected on Type A items in 2017. Since we trimmed most of the extra funds out of the budget in recent years, the CF&A realizes that we will spend a higher percentage of the budget.
- 2- The registration fee income is calculated based on a registration fee of \$20.
- 3- The CF&A will use our investment income and reserves to help cover any shortfall in receipts.
- 4- This budget item is mainly needed in the years that the General and Southeastern Jurisdictional Conferences are held. Funds for meetings in the conference are included in the 2019 budget, as our delegation meets in regards to the called session of General Conference in 2019 and prepares for the regular session of General Conference in 2020.
- 5- The Council on Finance & Administration has reduced the amount requested for Contingency in 2018 from \$75,000 to \$50,000. Because we plan our budget so far ahead, an adequate Contingency is needed to allow flexibility to respond to new ministry opportunities and situations which may occur. Nevertheless, our history indicates we can safely lower this amount. Contingency expenses must still be approved by the CFA. This is a reduction of \$25,000 in the Contingency line item.
- 6- If we collect 92% and spend 100%, there will be a deficit. Because we prepare our budgets so far in advance, almost every year some items included in the projected budget may not be spent. In addition, Type B items are not paid at 100%; they are paid at the rate collected, so they do not add to any deficit. If our budget expenditures exceed our rates of collection on the budget then the interest earned as well as some conference reserves will have to be used in order to pay all of our obligations.
- 7- The Conference Board of Pensions has reduced this apportionment, and expects to reduce it further in 2021, as we complete our campaign to meet this pension liability.

Submitted by,
Mr. Randy Griffin, Chair
Dr. Derek W. McAleer, Dir. of Administrative Services