

**COUNCIL ON FINANCE AND ADMINISTRATION**  
**POLICY RECOMMENDATIONS**  
**FOR Fiscal Year 2020**

- I. The Council on Finance and Administration concurs with the Connectional Ministries Team regarding conference and general church special day observances. We also concur with the special day designated offerings.
- II. We recommend that only under emergency conditions, as determined by the CFA in consultation with the bishop and the cabinet, shall funds be borrowed from an outside lender for current expenses. The maximum such borrowing shall be \$250,000 (two hundred fifty thousand dollars).
- III. The CFA recommends that it be authorized to act on requests for funds in those situations in which budgeted funds, as approved by the conference, are inadequate to meet emerging missional needs or unforeseen circumstances. Those requests which are approved shall be funded from the Conference Reserve Fund, and the amounts of the funding shall be reported to the conference (2016 Discipline p.612.7).
- IV. We advise all agencies that the conference treasurer will be instructed to issue funds only up to the amount of the projected income for each fund for the year. Salary items shall be paid at full budgeted amounts, but the amounts remaining in the budgets after salaries are funded will be expended only up to the projected percentage of apportioned amounts that will be collected. Each group is responsible for proper allocation of its funds for the year, and no funds will be issued when the projected income ceiling has been reached, without prior approval of the Council on Finance and Administration.
- V. We recommend approval of the Reserve Fund report of the Council on Finance and Administration. We further recommend acceptance of the audit report from the conference's certified public accountant for 2018, and that the audit for 2019 be submitted no later than May 31, 2020.
- VI. We recommend that all conference-authorized travel be reimbursed as follows:

Volunteer	IRS Rate (2019 .14 per mile)
Conference Staff/Conference Lay Leader	IRS Rate (2019 .58 per mile)
- VII. Boards and agencies requesting funds must have their vouchers approved administratively as follows:

<u>Claimant</u>	<u>Approving Officer</u>
A. District Superintendent	A. Bishop or CFA President
B. CMT Staff and employees	B. CMT Director
C. CMT Committees	C. CMT Director
D. Committee, Commission and Board members	D. Committee, Commission and Board Chairs
E. Treasurer	E. Bishop or CFA President
F. CMT Director	F. Bishop or CFA President
G. CFA President	G. Bishop
H. All others	H. Treasurer
- VIII. All who are requesting funds of the conference for 2021 are asked to have their requests, in writing, to the conference treasurer by March 1, 2020. We request full disclosure of the income & expenses of the entities for 2019, along with a Statement of Financial Position (balance sheet) as of 12/31/19. Budget request for 2021 funds should also include detailed listing of reserve funds with & without donor restrictions and their application to current ministry needs.

- IX. We request that each district submit to the CFA by March 1st, 2020, the budget request for 2021 funding. We request full disclosure of the income & expenses of the districts for 2019, along with a Statement of Financial Position (balance sheet) as of 12/31/19. An audit of the funds handled during the year 2019 is also requested before annual conference. Budget request for 2021 funds should also include detailed listing of reserve funds with & without donor restrictions and their application to current ministry needs. In order to continue the practice of alignment between the Tennessee and Memphis conference particularly within the cabinet, we recommend the districts work with the Episcopal Office to develop the same reserve policy adopted within the Tennessee Conference districts.
- X. We would remind all conference entities of the provision in the 2016 Discipline, paragraph 614.5.a, which disallows special conference-wide funds appeals without prior approval of the Annual Conference upon CFA's recommendation.
- XI. All items added to the conference budget at the annual conference session will become a part of the year's budget under consideration, and will not be taken from the Conference Reserve Fund.
- XII. The Director of the Conference Connectional Ministries Team and/or the Annual Conference Treasurer or their assigns shall serve as an ex-officio member of all special study committees authorized by the annual conference session.
- XIII. The Conference Treasurer shall execute the policies established by the Conference Council on Finance and Administration, and in consultation with the Conference Investment Coordinating Committee, regarding the investment of funds and the regulation of cash flow.
- a. All funds shall be invested following the Guidelines of the General Council on Finance and Administration wherever they may be relevant or applicable.
- b. The objectives for the investment of conference funds shall include:
- (1) The preservation of the principal value of the investment
- (2) The investment should provide a reasonable rate of return
- (3) The investment should be invested, so far as is practical, with those agencies whose management policies are consistent with the Social Creed of the United Methodist Church.
- c. The Treasurer shall report annually to the Conference Council on Finance and Administration the location and amounts of invested funds, and the earnings gained.
- XIV. Moving expenses for those hired or appointed as district superintendents, CMT staff members, campus ministers, or CFA staff members will be paid by the conference. These payments will not include amounts for storage, packing materials or labor to pack.
- a. Local churches may not reimburse a minister's professional expenses more than two months ahead of the prorated budget amount at any given time.
- b. Expenses from January 1 to June 30 in any given year may not exceed 1/2 of the total annual budget amount for reimbursable expenses.

### **BUDGET RECOMMENDATIONS**

- I. We recommend that the 2020 salary of each district superintendent, the program ministries director, and the conference treasurer be \$85,000. (Treasurer salary will also include an amount equal to DS

housing). We recommend that travel expenses for these positions be reported monthly by voucher for reimbursement. The Superintendent's housing allowance shall be \$30,000, an additional amount may be excluded from salary with CFA approval.

- III. We recommend that the budget as presented in the "CFA Recommendation" column on the budget summary page of this document be approved, and that the fiscal year be designated as 1/1/2020 through 12/31/2020.

### **TITHING/DIRECT BILL RECOMMENDATIONS**

- I. We recommend the conference budget for 2020 be based on 10% Line 52t of the 2018 statistical report.
- II. We recommend that all churches remit 10% of annual budget income as defined by line 52t which includes: Payment of pledges toward budget/annual spending plan
- Receipts in support of the annual budget/spending plan
  - Interest on accounts used to support annual budget
  - Funds received from facility rental or sale of church owned assets (i.e. furniture)
  - Funds received from fundraisers used in support of annual budget
- III. Income for the tithe formula does not include:
- Receipts from capital campaigns or interest from previous years' campaign
  - Receipts from memorials, endowments or bequest
  - Receipts from sale of church owned land
  - Receipts for benevolent causes such as Special Sunday offerings or designated donations given by individuals (pass through donations)
- IV. To be considered a Tithing church, churches must remit their tithe monthly and remit at least 10% of line 52t on the 2019 statistical report.
- V. Pension responsibility for those who are serving in a clergy appointment whether fulltime or part-time, shall be allocated to the church, board, institution, or agency for which he or she is serving. The Direct Bill amounts for 2020 are:
- Fulltime 14% of plan compensation (Salary plus Housing)
  - Part-time 6% of plan compensation
  - Unpaid balances will be carried over at the end of the year
- VI. We remind all pastors that the 2016 Discipline (par. 340.2(c)(2)(f)) requires that all finances of the local church are to be reported to the conference
- VII. The Conference Treasurer will close the 2019 books on by close of business on January 10<sup>th</sup> 2020.