

District Finance Committee Report

We, your Committee on Finance, submit the following recommendations:

Fund Formula – Calculations/Allocations

The USA National Caucus met in 2005 during the General Assembly in Indianapolis. It approved Resolution USA-906 authorizing the Board of General Superintendents to create the Budget Allocation Committee (BAC).

RESOLVED that the Board of General Superintendents shall appoint a commission that shall create a proposed apportionment system based on the biblical principle of tithe and offerings, as we affirm for our local church (Manual paragraphs 38.1-2, 131-131.2). . . .

There were several principles that the BAC adhered to throughout its discussions. They revolved around the concepts of fairness, simplicity, and current financial realities.

Lower allocations: The committee soon realized that any change to the allocation system had to involve a reduction in total amounts requested from the local church. Simply shifting the current requests from one group of churches to another was regarded as futile.

The committee, in considering the original request, suggested that raising an amount equal to ten percent plus offerings would fulfill the resolution's mandate

Income based: The committee recommended that any new formula be based on current year income, not expenditures. This was in keeping with the language in the original resolution. Tithe is based on income, not expenditures.

WEF and all approved Mission Specials are to be reported as church income. However, these funds will be subtracted from total church income before the percentages are applied for WEF, P&B and Educational funds. Total income is derived by subtracting line 34 from line 30 of the Annual Pastors Report.

Deductions: The committee agreed that few, if any, exemptions should be given when computing allocation percentages. The argument against exemptions stressed that the "biblical principle of tithes" did not include exemptions. However, the committee recognized that many churches have built their current financial structure on the assumption that capital improvements require no allocation support.

Explanation of Calculation of Funds

1. That the latest Fund Formula of the General Board and Board of General Superintendents be followed. We should prayerfully plan for and promote 100% payment of every Fund.
 - a. The World Evangelism Fund will be 5.5% of total monies raised based on current year income.
 - b. The ENC Education Fund will be 2.5% of total monies raised based on current year income.

- c. The Pensions & Benefits Fund will be 2.0% of total monies raised based on **current year income**.
- d. The District Fund will range between 5.75% - 6.75% of total monies raised based on **prior year income**.
- e. That the Auxiliaries Apportionments be allocated based upon total monies raised from the prior year based on the needs of the various Auxiliaries.

Local

2. That each church be encouraged in the stewardship of its possession as this is related to Wills and Planned Endowment Gifts on behalf of the church with special emphasis on behalf of Mission and Education, and that each Pastor use the services of the Office of Stewardship Development Ministries of the General Church to provide guidance for members of each congregation.
3. That any church seeking to acquire a new mortgage, or refinance an existing mortgage during the year must have approval from the district advisory board.
4. That our churches encourage members of their congregations who are employees of corporations with "Matching Funds" programs to consider giving to ENC, in keeping with corporate guidelines, in an effort to increase the revenue received by Eastern Nazarene College.
5. That each local church provide Medical/Hospitalization Insurance coverage and Long term Disability Insurance for their pastor and family and staff. Each church is to consider including a Dental allowance as part of the benefits. We would caution pastors and churches in making un-researched changes in health insurance coverage for the parsonage family, based solely on premium cost, without comparison of coverage. Each local church should assume payment of their pastor's portion of this cost. If any situation develops threatening to cause cancellation of coverage, the district office is to be notified.
6. All churches with paid staff who have not paid their allocations in full must submit a request for continuance of that staff on a yearly basis through the District Advisory Board. A congregation may not be granted permission to go into major debt or refinancing for any building or improvement program, or to buy vehicles or major equipment, until it has shown its ability and willingness to pay all of its allocations (local, district, general) and to carry the additional payments of the debt, in harmony with the policies of the District Church Properties Board or the District Advisory Board. (Para. 103, 104 Manual) A major debt is anything of \$1,000 or 5% of Total monies raised, whichever is greater.
7. That churches and church type missions receiving district support may not increase expenditures for buildings, equipment, vehicles, annual salaries, or purchases of any single item amounting to more than five percent of their annual income without written approval of the District Advisory Board. Furthermore, all churches receiving district assistance are required to submit a monthly report to the district office.
8. That, realizing the importance of the World Evangelism Fund, our churches not undertake missions or Work and Witness trips until adequate plans have been

implemented to assure the full payment of their World evangelism allocation, which is the lifeline of the World Mission program.

9. That each church board adopts an annual budget for use as a tool in monitoring its finances on a monthly basis. (Para. 129.6, 129.7 Manual) Each local church treasurer and/or auxiliary treasurer is to submit an itemized financial report to the monthly meeting of the local church board, and that these reports be posted on a monthly basis for the church to review. The financial records should be reviewed annually by the finance committee and that a report be sent to the district treasurer within 90 days following the District Assembly. (Para. 129.21, 129.22, 129.23, 135.2, 135.4, 135.5 Manual) The district treasurer stands ready with counsel or advice upon request. In addition, we recommend that each church have its books reviewed by an outside auditing firm at least every three years.
10. That each local church should make an annual contribution to the Nazarene Bible College and the Nazarene Theological Seminary.

District

11. The District Treasurer will post his report every month via the District Web page.
12. That the District Superintendent be granted five weeks vacation with pay to be taken at his/her discretion.
13. That the District Advisory Board evaluate the District Superintendent's need for a plan to provide a period of rest, renewal and study; and that such a plan would be mutually agreed upon so that it would benefit both the District Superintendent and the District with regard to short and long term of their ministry objectives, and that financial arrangements for that period of time be mutually agreed upon. The District Advisory Board shall evaluate this plan during the 5th year of the District Superintendents tenure to be taken no later than the 7th year of his tenure.
14. That district personnel, such as members of district boards and committees, be reimbursed at the current IRS mileage rate, plus meals, lodging, and tolls, incurred while traveling on district business unless otherwise agreed upon; and that the other office expenses be taken care of and paid through the various boards and committees.
15. That the District Superintendent, District Advisory Board, District Secretary, District Treasurer, and other such personnel as may be designated by the District Superintendent, who are not sent by their local church as a delegate, be granted partial assistance for expenses at the District Assembly and that these be determined by the District Advisory Board prior to the District Assembly.
16. That the District Treasurer has their books reviewed within 90 days from the close of the District Assembly by a public accountant every year. The District Treasurer presents a certificate of review to the District Auditing Committee (Para. 203.25 Manual); and that the District Treasurer confers with the newly elected auxiliary treasurers concerning bookkeeping procedures.

17. That all money received from the sale of properties of disorganized churches, less encumbrances and costs will be received by the District Advisory Board for New Starts Restarts.

Respectfully submitted,

Robert Hawkins, Secretary

Bill Carr, District Superintendent/Chairman