

## **SECTION II - Recommended Apportionments to Districts and Local Churches**

### **A. Total Recommended Apportionment Levels:**

The Council of Finance and Administration (CFA) recommends that the amounts apportioned from the General, Jurisdictional, and Annual Conference be apportioned to the districts as follows:

#### **2025 Virginia Annual Conference Apportionments**

401 - Conference Mission & Ministries	2,900,000
402 - Conference Services	1,900,000
403 - Appointive Cabinet Fund	1,300,000
404 - Equitable Compensation	50,000
405 - Church Extension & Development	350,000
407 - Active Clergy Health	9,000,000
408 - Retired Clergy Health	5,060,000
410 - Episcopal Fund	900,000
411 - World Service	1,820,000
412 - General & Interdenominational Fund	395,000
413 - Ministerial Education Fund	630,000
414 - Black College Fund	255,000
415 - Africa University Fund	60,000
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	<b>\$ 24,620,000</b>
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### **B. CONFERENCE APPORTIONMENT RECOMMENDATION SPECIFICS:**

The Conference Apportionments are intended to carry out the mission and ministry of the Virginia Annual Conference. All balances at the end of the year are to be closed to Conference Reserves unless an exception is granted by the Conference Council on Finance and Administration.

#### **401-Conference Mission & Ministries**

This apportionment provides funding for the Conference Common Table benevolences and ministries, including Ministries at Educational Institutions, other Common Table Program Boards and Agencies support.

#### **402-Conference Services**

This apportionment primarily covers the administrative requirements of the Book of Discipline and Conference owned properties.

#### **403-Appointive Cabinet Fund**

This apportionment covers the personnel and travel costs of the Appointive Cabinet.

#### **404-Equitable Compensation**

This apportionment is required by the Book of Discipline and is administered by the Equitable Compensation Commission to provide clergy salary supplementation based upon their policies and procedures.

#### **405-Church Extension and Development Fund (CEF)**

This apportionment is based on recommendations of the Common Table and is directed to the Church Development Team for use in providing conference-wide grants to new and existing churches in accordance of the policies of the Common Table.

#### **412-General & Interdenominational Fund**

This apportionment represents three areas of denominational support. The 2025 Budget breakout is below:

	<b>Budget</b>
General Fund	320,000
Interdenominational Cooperation	26,000
Southeastern Jurisdiction	49,000
	<b><u>395,000</u></b>

#### **Report on 2023**

As set out in the Annual Conference procedures, the Annual Conference is informed, through this report, of shortfalls in the Apportionments that impact Conference Reserves. These shortfalls were managed through budget cuts, contingency funds, and Conference reserves in accordance with Annual Conference-approved policy. Below are the stated Apportionment Shortfalls for 2023.

	<b>Shortfall</b>
401 Conference Mission & Ministries	598,223
402 Conference Services	408,171
403 Appointive Cabinet	208,342
404 Equitable Compensation	45,586
	<b><u>1,260,322</u></b>

### **SECTION III — Apportionment Procedures**

#### **A. APPORTIONMENT FORMULA:**

- **All Apportionments except for the Active Clergy Health Benefits**

Apportionments are calculated using the last year of available statistics of each local church (i.e. 2025 apportionments are calculated using 2023 statistics). The formula is based on total net paid expenses which are the total expenditures of the church minus expenditures for benevolent causes, apportionments, capital improvements, and payments on loans and mortgages. The apportionments for each church are sent to each district based on decimal calculations from the formula below:

**Individual Church Net Paid/Total of all Conference Churches Net Paid = Church Decimal**

- **Active Clergy Health Benefits Apportionment Formula**

The costs of the active clergy health benefits will be apportioned using a two-tier calculation. The first tier will consist of a fixed dollar amount (\$6,000) per health plan eligible clergy based upon the July 1, 2024 appointment list. The remaining costs after the tier one calculation will be apportioned to the churches based upon total clergy (regardless of classification) compensation (salary plus accountable reimbursement) paid by a church divided by the total clergy compensation paid in the last year of available statistics (2023 for 2025 apportionments).

- The district then passes the apportionments on to the local church according to recommendations developed by the district superintendents and the district stewards.
- The Council on Finance and Administration, in consultation with the Church Development Team and Cabinet, has the authority to set a policy for apportioning newly chartered churches, Legacy churches, and 2<sup>nd</sup> sites of chartered churches.
  - Effective January 1, 2016, the policy will be to phase in the apportionments for new chartered churches over a five year period with the first year beginning at 20% and increasing 20% for each subsequent year until the church is at 100%.
  - Effective January 1, 2016 for a 2<sup>nd</sup> site (satellite & multi-site) locations that are recognized as new faith communities by the Church Development Team and the Cabinet, the existing chartered church may exclude direct expenses of the second site from the apportionment calculation based upon the following schedule:

0-42 months	100%
43-54 months	80%
55-66 months	60%
67-78 months	40%
79-90 months	20%

- Effective January 1, 2020, Ecumenical (multi-denominational) churches will be direct billed for health insurance when they are served by an eligible United Methodist pastor and will not be subject to the 407 apportionment.

## **B. REPORTING GUIDELINES:**

- District superintendents will report the apportioned amounts for each church to the Conference treasurer and the apportioned amounts will be shown on the monthly Treasurer's report sent to each church.
- Apportionments are to be calculated and distributed annually rather than on a quadrennial basis.
- The Annual Conference will raise World Service funds only through contributions from the local churches. CFA urges that district superintendents, pastors, and local church leaders seek to fully implement Section 812 of the 2016 Discipline.

## **C. IMPORTANCE OF WORLD SERVICE:**

The importance of World Service to the life of the Church is lifted up to the Annual Conference. "The World Service Fund is basic in the financial program of The United Methodist Church. The World Service apportionment represents the minimum needs of the general agencies of the Church. Payment in full of these apportionments by local churches and annual conferences is the first benevolent responsibility of the Church." (Section 812 of the 2016 Discipline).

## **SECTION IV - Annual Conference Special Offerings**

Annual Conference offerings provide important and life-giving support for key Conference programs. The following are recommended for approval for 2025:

- United Methodist Family Services. It is recommended that December be designated as United Methodist Family Services Month and that each church promote an offering during this time for this purpose.
- Pinnacle Living (Samaritan Fund). It is recommended that the period between Mother's Day and Father's Day be designated in support of the Pinnacle Living (Samaritan Fund), and that local church offerings collected during that period be dedicated to this ministry.

- Heart Havens. It is recommended that February be designated as Heart Havens Month and that each church promote an offering during this time for this purpose.
- Partnerships of Hope. It is recommended that September be designated as Partners of Hope Month and that each church promote an offering during this time for this purpose.
- Annual Conference Offering. CFA recommends continued support for this important offering.

## **SECTION V - Policies**

### **A. APPOINTIVE CABINET FUND**

Overall Policies for the Fund:

- In compliance with the Book of Discipline, the current salaries and expenses for district superintendents (DS), and those under special appointment, will be published in the Conference Journal with each DS's salary individually calculated and assigned each year as part of the appointive process, using the following criteria:
  - Each District Superintendent's salary shall be \$100,000.
  - Each year, the annual salaries of the District Superintendents are to be recommended by CFA to the Annual Conference.
  - CFA also administers salary-related expenses, to include such items as pensions, supplemental benefits, travel by voucher, continuing education, and other Cabinet-related expenses. CFA, in consultation with the Bishop, sets the Assistant to the Bishop's salary and related personnel costs.
  - The total cost of salaries and related expenses apportioned to Districts are to be based on the current approved decimal system (upon recommendation of CFA).
  - All other District Superintendents' costs, such as housing, district office expenses and staff, are to be paid at the district level.

### **B. TRAVEL & MEETING EXPENSES**

Board and Agency members and staff engaged in Conference business are provided and are to be managed as follows:

- The mileage reimbursement rate is set at 50 cents for Conference staff. The mileage reimbursement rate for volunteers is set at half the IRS rate for volunteers (currently 34 cents) for those serving boards and agencies of the Conference.
- Meals are to be reimbursed at actual costs, but not to exceed \$50 per 24-hour period. (Breakfast on the date of departure from home/office is not accepted; dinner on the date of return is not accepted, except when the arrival to home/office is after 7 p.m.).
- Reimbursement for daily room charges is set at \$200, if the travel incurred extends to a period over three hours prior to the starting time of 10 a.m. on the day of the meeting.
- Spouse expenses are not part of allowable expenses.
- To encourage stewardship in this area, CFA suggests: (1) that advance reading materials be provided for study prior to meetings; and (2) that there be use of teleconferencing, where feasible.

### **C. INDIVIDUAL EXPENSES FOR ANNUAL CONFERENCE**

Provided for and managed as follows:

- Each charge is responsible for the expenses of both the clergy and lay members (including diaconal ministers) from that charge to the annual conference, working out its own plan of compensating for actual expenses.
- Persons not covered through local church appointment shall receive annual conference reimbursement not to exceed \$200 a night for mileage, meals and lodging; the Conference treasurer shall reimburse the claimant through voucher of approved expenses. Coverage under this section extends to:
  - (a) retired clergy who retired with pension under one of the Disciplinary options and who are not serving full-time;
  - (b) clergy on medical leave;
  - (c) clergy on sabbatical leave who are members of the Virginia Annual Conference;

- (d) retired diaconal ministers who served at least eight years in the Virginia Conference and who are granted a retired relationship by the Conference;
- (e) persons expecting their first appointment;
- (f) members of the conference who have been appointed to attend a theological school;
- (g) those serving as chaplains in Armed Forces;
- (h) deaconesses under appointment;
- (i) furloughed missionary members of the Virginia Annual Conference;
- (j) those on loan to other annual conferences, whose expenses are not otherwise provided for; and
- (k) clergy returning from an approved leave of absence receiving local church pastoral appointments.
- Each district is responsible for the expenses of its district superintendent, youth members and members-at-large.
- Each board, agency or committee is responsible for the expenses of its chairpersons, if that person is not a clergy or lay member whose costs are covered by their charge or district.

#### **D. CONFERENCE RESERVE FUNDS**

Policies on the Maintenance of Reserve Fund Levels:

- The Council monitors the Conference Reserves to ensure the ability to cover future contingencies including,
  - a) Reserve funds for emergencies and catastrophic needs related to the maintenance of Conference property held by the Conference trustees and include: (1) Virginia United Methodist Center; (2) Wesley Foundation buildings; (3) the Episcopal residence and (4) closed church properties. [The total value of these properties is estimated at more than \$15 million.]
  - b) Reserve funds for cash flow purposes.
  - c) Reserve funds for economic and financial downturns.
  - d) Council on Finance and Administration has the authority to utilize reserves in excess of the minimum to preserve the Conference's financial stability.
- The Council has set the following target for Conference Reserve Funds:

Core Reserves:

A.	20% of the Conference Budget that closes to reserves	\$ 1,239,000
	a.	401 – Conference Mission and Ministries
	b.	402 – Conference Services
	c.	403 – District Superintendents Fund
	d.	404 – Equitable Compensation Fund
B.	15% of Invested Assets not including cash equivalents and investments designated for specific purposes	<u>350,000</u>
		<u>\$ 1,589,000</u>

On December 31, 2023, the Annual Conference had reserves in excess of the target amount, see Treasurer's Report for details.

- Consistent with approved Annual Conference policies (effective January 1992), the use of investment income is authorized to maintain reserve levels. (At the discretion of CFA, excesses may be used to: (1) meet shortfalls in Conference benevolences; (2) meet shortfalls in Conference Services; and/or (3) reduce apportionments from the Annual Conference to local churches.
- Reserve funds in the amount of \$300,000 are available to cover actions emerging from Annual Conference vote, emergencies, support of advances for campaigns, and potential liabilities of the Conference
- Of the amounts reserved: (1) up to \$50,000 is available for emergency needs of the Common Table, with the approval of CFA; and (2) up to \$100,000 may be allocated by CFA between sessions of Annual Conference, as deemed necessary.
- The status of Conference reserves at the end of the prior actual year is to be reviewed each year by CFA and included in the Treasurer's Report to the Annual Conference Session.

## **E. PASTOR RELOCATION TRANSITION FUND**

1. By action of the June 2003 Annual Conference, CFA has established Pastor Relocation Transition Fund and has provided funding through the Conference Services apportionment.
2. Churches/charges which are served by fulltime clergy appointed to their charge as pastor may request reimbursement on the following schedule for an incoming pastor, if the previous pastor served two years or less in the appointment to their charge:
  - One-year appointment – Seventy-five percent of the verified moving expenses up to a maximum of \$3,000 reimbursement.
  - Two-year appointment – Fifty percent of the verified moving expenses up to a maximum of \$2,000 reimbursement.
3. No moving expenses will be reimbursed that are not in compliance with the Virginia Annual Conference Guidelines for Moving Expenses as printed in the Journal of the Virginia Annual Conference.
4. Payment will be made at the end of the year based on a pro-rata share of the apportionment receipts from the churches.

## **F. CONFERENCE JOURNAL**

The 2025 Journal, as sections are finalized, will be posted on the Virginia Conference website ([www.vaumc.org](http://www.vaumc.org)) as a PDF file. Please note that going forward the Journal publication will only be a digital publication due to size of publication and greatly reduced numbers of orders for print copies. It will remain available for free on the conference website. When the whole publication of the Journal is completed, notifications will be sent out to the conference and conference members.

## **G. AUDIT REPORTS**

The Council on Finance and Administration reminds all district offices, agencies, institutions, and organizations receiving any financial support from conference funds or from any authorized conference-wide appeal to be in compliance with the *2016 Book of Discipline* 617.2 and 617.3 to submit audited financial statements to the Conference Treasurer no later than six months after the end of the organization's fiscal year.

## **H. IRS REGULATIONS**

CFA reminds all church and/or charge treasurers to comply with the IRS regulations.

## **I. REQUESTS FOR BUDGET FUNDING**

CFA recommends that all groups requesting funding from CFA submit requests for budget funding to CFA by January 15 of the year the request is being made. This will allow the requests to be reviewed by CFA in sufficient time for consideration at the Annual Conference Session the following June.

## **J. FINANCIAL COMMUNICATIONS**

When CFA proposes significant changes in apportionments (10% or more), for any board, agency, or other recipient of financial support, such proposed changes and the guiding rationale shall be presented in writing to the Annual Conference for its information and final approval and convey this information no later than 30 days prior to the Annual Conference session.

## **K. LEGAL EXPENSE POLICY**

The Annual Conference shall not pay for the legal expenses for local church or district matters such as non-appointed personnel, churches seeking disaffiliation, property issues, etc.

## **SECTION VI – A Church in Mission**

We are a Church in Mission and a three-pronged focus of teaching, communication, and recognition enriches us as a Conference and as Christians. With it, we are able to share and learn further what it means to enter into the vision and share concerns with many people. But more importantly, it sets out a focus throughout

our Conference on the value and importance of the unique connectional relationship we have as United Methodists.

Our charter has already been defined for us and it is set out in Scripture: “Just as in the human body, though it is made up of many parts, is a single unit, because of these parts, though many, make one body, so it is with Christ.” (1 Corinthians 12:12). And that body is composed of all of God’s children, including the rich and poor, found and lost, and secure and dispossessed. For as Jesus said, “Truly, I tell you, just as you did it to one of the least of these who are members of my family, you did it to me.” (Matthew 25:40).

As part of that body, we are called to serve our brothers and sisters in mission throughout the connection. Because of our covenant with God and with each other, it is our goal to fund the basic missional witness of the United Methodist Church.

We have much to be proud of as a Conference, as we live out the full meaning of the Stewardship of the Gospel. Our connectional giving — the important life blood of the work we all do together — is a reflection of the great commitment that Virginia United Methodists have to the mission and ministry work of our Lord. The budgets we draw up, while important, are more than a series of numbers. They reveal the very character of the people who build them, support them, and act through them. They are Christ’s work in the world, put into a plan for receiving and spending — collective understandings of commitments to fulfilling ministries and mission priorities. It’s no small thing we do individually, when collectively we are making such big impacts beyond our church doors.

The Stewardship of our Conference is part of our response to the needs we know about, as well as those not yet seen. Seeing the need, then doing what Jesus would do. That’s true Stewardship! It’s our faith in action!

William H Talley IV, President