

## **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:

#### **2026 Virginia Annual Conference Apportionments**

101 - Conference Mission and Ministries - Committed	5,459,400
102 - Conference Mission and Ministries - Expected	1,346,600
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	6,806,000
103 - Retired Clergy Health	5,240,000
104 - General and Jurisdictional Ministries	4,060,000
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	<b>\$ 16,106,000</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.

All apportionments are important to the mission and ministry of The United Methodist Church. Starting in 2026 by the end of the calendar year, churches must fulfil the 101 Apportionment (Conference Mission and Ministries - Committed) before the other apportionments can be funded. This is important to protect the required reserves of the Annual Conference for committed costs.

#### **Report on 2024**

As set 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 2024.

	<b>Shortfall</b>
401 Conference Mission & Ministries	625,998
402 Conference Services	311,874
403 Appointive Cabinet	221,028
404 Equitable Compensation	34,460
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	<b>1,193,360</b>
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**SECTION III — Apportionment Procedures**

**A. APPORTIONMENT FORMULA:**

- **All Apportionments**

Apportionments are calculated using the last year of available statistics of each local church (i.e. 2026 apportionments are calculated using 2024 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:

$$\frac{\text{Individual Church Net Paid}}{\text{Total of all Conference Churches Net Paid}} = \text{Church Decimal}$$

- The district then passes the apportionments on to the local church.
- 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 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:

<u>Months since est.</u>	<u>Percentage excluded</u>
0-42 months	100%
43-54 months	80%
55-66 months	60%
67-78 months	40%
79-90 months	20%

**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 2024 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 2026:

- 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 each church promotes an offering during this time for this purpose.
- Heart Havens. It is recommended that February be designated as Heart Havens Month and that each church promotes an offering during this time for this purpose.
- Partnerships of Hope. It is recommended that September be designated as Partnerships 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. CABINET**

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 \$103,000.
  - 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 reimbursements for travel and meeting expenses per the guidelines below:

- The mileage reimbursement rate is set at the IRS business rate for Conference staff. The mileage reimbursement rate is set at the IRS volunteer rate for those serving as volunteers of Conference boards and agencies.
- 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**

Reimbursements for Annual Conference expenses will be provided per the guidelines below:

- 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.
  - 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	\$ 1,230,000
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>376,000</u>
	<u>\$ 1,606,000</u>

On December 31, 2024, 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 the Pastor Relocation Transition Fund and has provided funding through the Conference Services apportionment.
2. Churches/charges which are served by full-time 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 – Verified moving expenses up to a maximum of \$1,500 reimbursement.
  - Two-year appointment – Verified moving expenses up to a maximum of \$1,000 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.

## **F. 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 *2024 Book of Discipline* to submit audited financial statements to the Conference Treasurer no later than six months after the end of the organization's fiscal year.

## **G. IRS REGULATIONS**

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

## **H. REQUESTS FOR BUDGET FUNDING**

CFA requires that all groups requesting funding from CFA submit requests for budget funding to CFA by January 15 each year for the following year's budget (i.e. budget requests for the 2027 budget must be submitted by January 15, 2026). This will allow the requests to be reviewed by CFA in sufficient time for consideration at the Annual Conference Session each June.

## **I. 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 to the Annual Conference for its final approval, with the information being conveyed no later than 30 days prior to the Annual Conference session.

## **J. 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.

Angie Williams, President