

Financial Policies
as Presented by the
Council on Finance and Administration

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Note: For other specific rules of a financial nature please check the following:
Board of Equitable Compensation
Board of Pension & Health Benefits

Section I - CFA President's Report

2015 was another great year in Michigan. Economic growth and job recovery continues to impact, not only the business community, but families and churches. CFA was pleased by apportionment receipts of 80.8% that marked the first increase in giving that we have experienced since 2012.

CFA appreciates how hard each congregation worked in 2015 to pay their apportionments. 282 churches of every size – approximately 66.19% of the 426 congregations in our Annual Conference – paid 100% of their apportionment contribution. Many other congregations endeavored to pay at least something beyond their pension apportionments. 27 congregations made no payment toward their common budget apportionments in 2015.

As we consider our financial commitment to the general church, an additional amount of \$76,673.94 was added to the Episcopal Fund to bring the total to 100%. All other general church apportionments were paid at 76.98% the actual level of receipts.

Encouraging churches to meet their apportionments has always been a challenge for CFA. Through the years, numerous strategies have been employed, but none were more effective than the 2015 Apportionment Project led by Rev. Jeff Reagan. Originally, 14 churches were identified as possible participants by their district superintendents. Jeff contacted six churches and their pastors, inviting them to be a part of the project. Each church was assigned a reduced apportionment amount, approximately 10% more than they contributed in 2014. They were also asked to seek approval and assistance from their governing board, Church Council or Finance Committee. Five of these churches made their goal for 2015 and are considered 100% apportionment supporters.

In the midst of this process, CFA learned:

1. Pastoral leadership is very important to setting the priority for connecting in mission through our apportionment system.
2. Personal contact from a conference leader outside of their congregation is very important.
3. Bringing an encouraging message and incentives with attainable goals helped to create a positive giving environment.

CFA is encouraged by the success of the Apportionment Project and will continue to invite congregations to participate.

2015 brought some changes to the Treasurer's Office. After more than 17 years of faithful service, "Bulldog" Ralph Remick retired. The Detroit Annual Conference will miss his diligent work and his black Corvette in the parking lot. We are pleased to hire Nancy Wyllys

to assume the responsibilities of Accounts Payable. Nancy's warm spirit and careful attention to detail make her a wonderful addition to our financial team.

In 2015, the Detroit and West Michigan Annual Conferences voted to merge. Each conference brings to the merger a unique financial approach to funding and administration. The two CFA's are beginning to work on the various financial issues and I have been pleased by the openness and transparency of those discussions. It is possible that we will move to one Treasurer's Office for the Michigan Area before the official merger date in 2019, and perhaps, implement similar operations procedures as well.

It has been a privilege to be a part of the Council on Finance and Administration for the last 12 years. I cannot end my term without expressing my appreciation for the talented committed people who provide extraordinary leadership for our annual conference as part of CFA. We are also blessed to have David Dobbs, Becky Emmert and Nancy Wyllys leading our professional financial team. I leave grateful that we are in a strong financial position and appreciative of the faithfulness and support of the churches of The Detroit Annual Conference. May God continue to bless you.

Carol J. Johns
President of the Council on Finance and Administration

Section II - Stewardship

The members of the annual conference strongly urge each local church to conduct an every-member commitment program as outlined by the Board of Discipleship or some other effective means of involving the congregation in the needs and program of the church. Resources are also available through the Council on Ministries Division of Stewardship of the annual conference.

Section III - Apportionments

- A. The Council on Finance and Administration shall apportion the amount composing the annual budget among the churches of the Detroit Annual Conference for the fiscal year. These apportionments shall be based on the Grade Figure System and in conformity with the requirements of *The Book of Discipline of The United Methodist Church* and rules adopted by the annual conference.
- B. For the purpose of establishing a uniform system of financing the conference, all apportionments made by the conference and district board of missions and church extension shall be based on the Grade Figure System employed by the conference for the common budget.
- C. The grade figure for the common budget shall be determined by the current operating budget (lines 47-57 of the Local Church Report) plus non-United Methodist benevolent giving (line 44 of the Local Church Report), except that in any year when the apportionments are paid in full, the non-United Methodist benevolent giving amount will be excluded from the calculation. Annual variances in the resulting apportionment will be moderated by using a four-year rolling average of these numbers.

Steps in determining the grade figure for the common budget:

- 1. For each local church, for each of the four most recent years reported, find the sum of lines 44 plus lines 47 through 57. For each year that apportionments were paid in full, exclude the amount from Line 44. Add the four annual sums, and find the simple average.
- 2. Divide the simple average by the conference total (simple average) for the same lines.

Example:

Local church total - 2014 = 89,750	Conference total - 2014 = 57,147,624
Local church total - 2013 = 86,317	Conference total - 2013 = 58,487,020
Local church total - 2012 = 71,725	Conference total - 2012 = 56,025,720
Local church total - 2011 = 75,726	Conference total - 2011 = 51,369,385
Sum of L.C. totals = 323,518	Sum of Conf totals = 223,029,749
Divided by 4 = 80,879	Divided by 4 = 55,757,437

$$\frac{\text{Local Church Average } 80,879}{\text{Conference Average } 55,757,437} = .001451 \text{ (Grade Figure)}$$

Multiply the total common budget by the grade figure to find the church's portion.

- D. The Grade Figure System has been chosen because it allows apportionments to the local church to be based on its relationship to the total of the churches of the conference. Each church is expected to assume its portion of the common budget. Giving in addition to the apportionments, such as designated special day offerings, authorized general and conference Advance Specials, etc. is to be

made in keeping with the *Discipline* affirmation that "payment in full [of the World Service apportionment] by local churches is the first benevolent responsibility of the church (§812)."

- E. The grade figure for the pension apportionment shall be separate from the grade figure for the common budget, and shall be determined based on the compensation paid by each local church to its appointed/assigned clergy. The amount determined as each local church's share will be billed to the church monthly by the conference treasurer.

Steps in determining the grade figure for the pension apportionment:

1. For the local church, clergy compensation amounts as recorded in the General Board of Pension & Health Benefits (GBOPHB) retirement system are used. In the event a clergyperson is not enrolled in the GBOPHB system, compensation from the most recent Appointment Status form or Local Church Pastoral Compensation report may be applied.
2. Divide the total Local Church clergy compensation by the total Conference clergy compensation.

Example:

Local Church total clergy compensation 41,256

Conference total clergy compensation 15,462,0877 = .002668 grade figure

Multiply the total Conference pension apportionment by the grade figure to determine the church's pension apportionment.

Pension Apportionment adjustments:

Generally the local church pension apportionment is established annually and is not adjusted as a result of an appointment change. However, Local Church pension apportionments are reviewed biannually (January and July). In the event a local church experiences a significant change in clergy status, the Conference Board of Pension & Health Benefits in consultation with the Cabinet may make an adjustment to the pension apportionment for a local church at the time of the next biannual review.

Examples may include: addition or termination of an appointed clergy position, change in appointment status level (i.e. from full time to $\frac{3}{4}$ time), change in pension eligibility (i.e. retiree appointment or District Superintendent Assignment).

- F. As apportionments are received during the year, the World Service apportionment from the General church shall be paid at the level of receipts.
- G. The amount apportioned to a charge for the Episcopal Fund shall be paid in the same proportion as the charge pays its pastor. (§817.3 of *The Book of Discipline of The United Methodist Church 2008*)
- H. Funds received in excess of the budget for the conference fiscal year shall be placed in the reserves of the respective apportioned funds and maintained by the conference treasurer.
- I. During the conference year, the Council on Finance and Administration, by a two-thirds (2/3) vote of its members, may use for the benefit of, or distribute to, conference agencies and causes from the respective funds, such amounts as the council by its action, upon concurrence with the bishop, shall determine are required for use or distribution before the next session of this conference.
- J. Area expenses shall be shared by the Detroit and West Michigan conferences in the ratio of membership for the budget year based upon the previous year's membership.

- K. Calculation of Apportionments for New Churches: A new church will be apportioned by the Conference and the District 20% of its "full" amount during the first calendar year after the effective charter year. During the second calendar year the apportionments will be at 40%; during the third year 60%; fourth year 80%; fifth year and thereafter 100%. Prior to the end of the year of their chartering New Church Starts are expected to send a tithe (10%) of their giving to the Conference on a quarterly basis.
- L. Calculation of Apportionments for Merged Churches: The statistics of the merging churches will be added together before calculating the apportionment of the newly formed church for the ensuing year. Reasons for departure from this procedure will be reviewed by CF&A upon appeal, and adjustments may be made on a case-by-case basis.
- M. Calculation of Apportionments for Vital Merger Churches: A new classification of merged churches will be "Vital Mergers." Those mergers fulfilling the Vital Merger qualifications will be considered as a new church start by the New Church Development Committee and will be apportioned as follows. As part of the Vital Merger process, the congregations involved will create a proposed budget for the merged church which will go into effect on the date the merged church begins worshiping and meeting as one congregation. This budget will be worked out in consultation with, and given approval by, the District Superintendent and the District Committee on Church Building and Location. This budget will then be forwarded to the Conference Treasurer's office to be used to formulate apportionment figures for the newly merged church. A new total base figure will be calculated for the merged church based on the formula outlined in Section III.C. The Vital Merger will be apportioned by the Conference and the District 25% of its "full" amount during the first calendar year after the merger. During the second calendar year the apportionment will be 50%; 75% for the third calendar year; and 100% for the fourth calendar year and thereafter. The church must submit to the District Superintendent and Conference Treasurer's office and the Board of Pensions a plan for managed debt repayment for any conference pension or health care arrearages. This new total base figure will be in effect until the actual financial records of the merged church are reported for the first full year of its existence and can be used to calculate a total base figure based on actual expenditures.
- N. **Overpayment of a church's pension and common budget apportionments will be carried over to that church's following year's pension and common budget apportionments.**

Section IV - Administration

- A. **Monthly Payments and Specials**
 - 1. Monthly payments - All apportionments to individual churches for the conference fiscal year shall be payable in ten (10) monthly installments. A statement will be sent from the treasurer's office 12 times a year.
 - 2. Christian Education Sunday - The Christian Education Sunday asking shall be \$2.00 per church school member, to be divided in the following manner: one-half (1/2) to outdoor education and one-half (1/2) to local church education.
 - 3. Conference Youth Ministries - The Conference Youth Ministries asking shall be \$2.50 per youth.

B. Clergy Support Items

1. Travel Reimbursement - Churches shall reimburse pastors of local congregations for travel expenses using a voucher system based on reimbursement equivalent to the IRS allowance for business mileage.
2. Expense Reimbursement - Churches may reimburse pastors of local congregations for professional expenses as defined by IRS code. A voucher system shall be used for such reimbursement.
3. Utilities - Churches shall pay all utilities in full for their parsonages, including heat, electricity, water, sewage, and basic telephone service.
4. Health Insurance
 - a. Each charge or conference-approved group shall share with the participant the full cost of conference group health insurance covering the pastor/conference lay employee and his/her dependents according to the approved premium sharing schedule.
 - b. Medical coverage provided from another source will meet the conference requirement if it is equivalent to or better than the conference plan.
 - c. Any additional insurance shall be considered as part of total cash salary.
 - d. In the case of health benefits coverage for dependents when there is a legal separation or divorce, please refer to the conditions established by the Division of Insurance of the Conference Board of Pension & Health Benefits.
 - e. At the time of a pastoral move, the insurance should be paid to the end of the billing period by the church from which the pastor is moving.
 - f. If a pastor chooses to be enrolled as a dependent on a spouse's health insurance plan instead of joining the conference group plan, it is strongly recommended that the church escrow an amount equal to one year's premium of the conference group health plan. The pastor must have a signed waiver of coverage placed in the file in the treasurer's office. Joining the conference group plan during the open enrollment period is always an option. Enrollment since the last previous open enrollment period is a prerequisite to receiving certain retirement benefits.
5. United Methodist Personal Investment Plan (UMPIP) - This is the pastor's recommended contribution (at least three percent) to his/her own personal retirement account. The local church is not required to contribute to this. Where churches do, however, it shall be considered as part of the total cash salary and so reported.

C. Annual Conference Expenses and Salaries.

1. The annual conference recommends that the local church pay living expenses for their clergy and lay members who attend annual conference. Such expenses should be paid at the rate specified for registration, meals and lodging as shown on the annual conference registration form.
2. Salary calculation of district superintendents, director of connectional ministries, benefits officer and conference treasurer: Beginning in 2003, the salary of the district superintendents, the director of connectional ministries, benefits officer and the conference treasurer shall be set by CFA, based on the best information available including, but not limited to the Denominational Average Compensation, Conference Average Compensation and the Consumer Price Index.

D. **Travel Expense Policies:**

1. Conference travel

Expenses incurred due to travel on behalf of the Detroit Annual Conference of the United Methodist Church may be reimbursed. All persons who are entitled to travel and other expense reimbursements must complete and submit an expense reimbursement form on a regular basis. Expenses within the appropriate budget limits will be reimbursed. Each form should include detailed explanations of trip expenses and mileage. Receipts for all expenses exceeding \$10 must be attached to the report. According to IRS regulations, reimbursed expenses which are inadequately supported or un-documented may be considered additional compensation and thus be taxable to the recipient.

- a. Who May Request Travel Reimbursement – Any Conference employee or member of a Commission, Board, or agency who has traveled for a required Conference purpose may request travel reimbursement. Such amounts must be reasonable. Expenses relating to commuting will not be reimbursed.
- b. Information and Documentation Requirements
 - 1) Airlines – Receipt from airline must be provided. Electronic tickets may be documented with the emailed receipt from the airline company. Air travel insurance is not a reimbursable expense.
 - 2) Auto Expenses – Includes parking fees, tolls, car rental (see below), taxicab, shuttles and other expense incurred in ground transportation; all of which are eligible to be reimbursed. No police or court fines or tickets for parking violations will be reimbursed.
 - 3) Car Rental – Rental cars are reimbursable where common carriers are not available or feasible due to scheduling needs, or actual rental cost including gas and other charges are less than the standard mileage rate or common carrier cost.
 - 4) Dates of Travel – The expense report should clearly indicate the dates of travel for each trip.
 - 5) Incidentals – Tips for baggage handling, porters, bellhops, restaurant service, and business telephone charges are reimbursable. Incidentals should not exceed \$10 per day.
 - 6) Lodging – Lodging should be obtained at the most reasonable rate available for the location. A copy of the bill should be submitted with the expense report. Actual cost will be reimbursed when a copy of the bill is submitted. Entertainment expenses are not reimbursable.
 - 7) Meals – Meals are reimbursable when travel begins prior to or ends after the normal meal time. Reimbursement will not be made for alcoholic beverages. Generally, meals should not exceed \$30 per day. The maximum daily meal allowance begins when you leave your office. The trip ends when you arrive back at your office but excludes personal travel during the total trip.
 - 8) Mileage – Miles traveled on Conference business will be reimbursed at the appropriate rate approved by the Internal Revenue Service. Total miles per trip should be itemized for each day reported. Mileage to be reimbursed is the round trip miles from the primary office location unless the trip originates from home in a different city in which case the mileage to be

reimbursed **is the lesser** of the round trip miles from the primary office location or the home location. Odometer readings are not required but may be reported. Commuting miles and miles incurred for personal business enroute for Conference business are not reimbursable.

A group mileage report may be completed for committee meetings where there are no other expenses which require receipts to be attached to the report. Any expense reimbursement requiring a receipt must be reported separately by individuals.

9) Purpose – The business purpose of each trip must be clearly documented on the travel expense report. Confidential information need not be disclosed but should be maintained in a personal log or diary for your own records. Group meal receipts must document all individuals included in the expense.

10) Receipts – Receipts must be submitted for all expenses exceeding \$10. The receipt should report individual items purchased. The original detailed receipts and the credit card authorization receipt showing the partial card number and any tip amounts must accompany any requisition submitted for expenses paid by credit card. Please submit original receipts only. If costs are being shared by another organization and receipts are required for that entity, a copy of the shared items and corresponding expense report submitted to the second organization may be submitted.

11) Registration Fees – Evidence of fees paid must be submitted.

12) Spouse Expenses – Spousal travel expenses will only be reimbursed in situations where their presence is required by the Conference on Conference business. To avoid any perception that personal expenses are being reimbursed, Board minutes or other written documentation should document a spouse's required presence.

c. Who May Approve Expense Reports

The Bishop may approve travel reimbursement requires of District Superintendents; the Director of Connectional Ministries may approve travel reimbursement request for Associate Directors and Treasurer. The Treasurer may approve reimbursement requests by the Director of Connectional Ministries or the Conference Benefits Officer. No individual may approve a reimbursement to themselves.

Group Mileage Reports may be approved by an officer of the committee, Director of Connectional Ministries or Treasurer. The individual approving the group travel should not be listed as a payee for travel on the same report.

d. Timing of Check Requests and Processing

Forms for each month should be received in the Treasurer's Office as soon as feasible after the month's travel is completed. Travel expense reimbursement requests will be processed in the normal processing schedule. Forms which are incomplete or improperly filled out may result in a delay in processing the check or may be returned for further information.

e. Travel and other expense advances are issued only in very rare instances, except for District Superintendents and conference staff. Upon signing a promissory note, an advance may be obtained, which will be due and payable when the person leaves the staff position.

- f. Conference personnel who draw travel allowance by voucher shall receive reimbursement equivalent to the federal IRS allowance for business mileage. This is designed to cover the cost of automobile operation.
 - g. All others drawing travel expenses from conference funds shall receive reimbursement equivalent to the federal IRS allowance for moving and medical care mileage for car and travel and \$.02 per mile per passenger up to five people. This is designed to cover out-of-pocket expenses (i.e. gas and oil).
2. Travel expense by conference agencies - The travel expense of authorized representatives of conference agencies attending meetings convened by conference agencies drawing their full budget from the conference shall be paid by the agency which calls the meeting.
 3. Travel to non-United Methodist agencies - The travel expenses of authorized conference representatives attending meetings convened by non-United Methodist agencies within the state of Michigan, shall be paid by the conference, as provided in Part 1 of this section, to the extent the expenses are not borne by the convening agency.

E. **Investment Policies**

1. **Purpose**

Provide general guidelines for investing reserve funds as required by the *Book of Discipline of The United Methodist Church*, ¶806.11.

2. **Standard of Care**

The Investment Committee of the conference Council on Finance and Administration and the conference treasurer are recognized to have fiduciary responsibility for the investment of reserve funds. All persons involved in the management of the assets of the Detroit Annual Conference shall use the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.

3. **Liquidity**

Provide for all anticipated operating cash needs and allow for timely withdrawal of designated funds.

4. **Stability and Preservation of Capital**

To the degree consistent with specific rate of return objectives, all funds shall be invested to maintain a high level of stability and security by minimizing risk and volatility.

5. **Simplicity**

Maintain a minimal number of investment accounts to reduce administrative complexity while maintaining adequate diversification.

6. **Objectives and Policies for Invested Funds**

a. Objectives

- 1) To obtain results in the upper half of a universe of comparable fund managers of a publicly recognized performance measurement service for any five-year period.
- 2) To obtain a total rate of return of at least five percentage points per annum in excess of the increase in the Consumer Price Index for any five-year period.

b. Policies

- 1) Not less than 30% nor more than 70% of the market value of the assets of the fund shall be in equity securities, unless otherwise determined by the Investment Committee.
- 2) Not more than 20% of the market value of the assets of the fund shall be in cash or cash equivalents, unless otherwise determined by the Investment Committee.
- 3) No more than 10% of the market value of the assets are in the securities of any one issuer, except for securities of the U.S. Government or its agencies.
- 4) No more than 20% of the market value of the equity assets are in the equity issues of companies in any one industry.
- 5) Periodically market conditions may cause the portfolio's investments in various equities (mutual funds) to temporarily vary from the established industry allocation policy. To remain consistent with this guideline, each mutual fund will be reviewed on a quarterly basis and rebalanced to the desired weighting if the actual weighting varies by 3% or more.

c. Restrictions

- 1) Fixed-Income securities may be held only if such securities are issued by the U.S. Treasury or any agency of the U.S. Government, or are corporate bonds rated in one of the top two letter classifications by Moody's or Standard and Poor's. Convertible securities will be considered as equity securities.
- 2) Short-term securities may be held only if such securities are issued by the U.S. Treasury or an agency of the U.S. Government; are commercial paper rated P-1 by Moody's, A-1 by Standard and Poor's or F-1 by Fitch's; or are certificates of deposit of U.S. banks which have or whose holding companies have a Standard and Poor's rating of A+ or better.
- 3) No direct investments shall be made in foreign currency denominated securities, including American Depositary Receipts except as follows: Investments may be made in common stocks, bonds and American Depositary Receipts of those foreign securities listed on the New York, American or NASDAQ exchanges. Investment in a foreign securities pooled fund operated by a U.S. based money manager is also permitted provided that all transactions are in dollars.
- 4) Investments shall not be made in commodities, real estate (except Real Estate Investment Trusts [REITS]), commodity contracts, financial futures, oil, gas mineral leases, mineral rights or royalty contracts.
- 5) Margin transactions, short sales, options, put, calls, straddles, and/or spreads shall not be used.
- 6) Investments shall not be made in the securities of an issuer which, together with any predecessor, has been in operation for less than three years.
- 7) Investments shall not be made in securities for which market quotations are not readily available.
- 8) Investments shall not be made in securities for the purpose of exercising control or management.
- 9) Private placements of debt or equity will not be purchased.

- 10) Investments shall not knowingly be made in securities of companies which have significant interest in the following activities: alcoholic beverages, tobacco, or gambling.
- 11) Investments shall not knowingly be made in voting securities of companies which derive more than 15% of revenue from military contracts including both domestic and foreign customers. In the case of non-voting securities the limit shall be 5% of revenue.
- 12) Investments shall not knowingly be made in companies which derive more than 3% of revenue from nuclear weapons contracts.
- 13) Investments shall not be made if such investments will result in income which would require the filing of federal, state or local tax returns.

d. **Mutual funds and pooled investment funds**

The use of such funds alters the interpretation of the investment policies and restrictions as follows: The rules covering limits on the securities of single issuer are waived. The rules governing liquidity and quality are not waived. The rules governing social issues will be applied to the individual funds as if each were a separate company.

7. Reporting and Documentation

- a. The conference treasurer and the Investment Committee shall meet periodically to review investment policies and portfolio management performance.
- b. The performance of all investment funds shall be reviewed at least annually with the conference Council on Finance and Administration.
- c. There shall be written documentation in the treasurer's office cash book of all investments, signature cards, etc., in accordance with the procedures and protocols established by the conference treasurer and/or Council on Finance and Administration.
- d. It will be the general policy that gifts received under \$25,000 would be made available to the appropriate program(s) in accordance with the intended purpose of the donor in the next applicable operations budget after they have been held in excess of one year.
- e. Non-endowment funds currently on hand that have a balance of less than \$25,000 and have been held in excess of one year, will be made available to the appropriate agency/program in the next operations budget after notifying the beneficiary agency/program.

8. Conflict of Interest

No investment shall knowingly be made in which any member of the Council on Finance and Administration has a known, significant financial interest.

9. Changes in Investment Policy

Any changes in this investment policy will require a majority vote of the conference Council on Finance and Administration.

F. Other

1. Conference-Wide Appeal for Funds

No proposal for apportionments or conference-wide appeals for funds shall be recognized from the conference floor until it has first been submitted to the Council on Finance and Administration prior to completion by the Council of

its annual budget recommendation to the conference [See ¶613.2 a-c of *The 2008 Book of Discipline*.]

2. **World Service Apportionment**
 - a. Special attention should be given to the *Discipline* which reads in part: “The World Service Fund is basic in the financial program of The United Methodist Church. World Service on 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.” (¶812 of *The 2008 Book of Discipline*).
 - b. Likewise attention is called to ¶819.5 which reads: “Churches and individuals shall give priority to the support of the World Service and conference benevolences and other apportioned funds.”
3. **General Church Apportionments** - Recognizing the importance of ministries supported by the General Church apportionments, the Detroit Annual Conference shall make every effort to support all apportioned items at 100%. If the level of receipts in any year is insufficient to do so, the CFA shall use general reserve funds to achieve the 100% goal, subject to the following conditions:
 - a. the reserve levels must not fall below 50% of their specific, established target amounts;
 - b. in the event that the amount of a reserve fund required to make 100% payment of apportionments would cause a violation of item a) above, payment will be limited to the amount available above 50% of the reserve target amount;
 - c. the reserve target amounts will be reviewed annually by CFA and maintained at appropriate levels (Current established reserve targets: Connectional Ministries & Administration: \$250,000; World Service/Conference Benevolences \$250,000).

The Detroit Annual Conference will continue to make monthly remittance on General Church Apportionments and challenges its churches to do the same. Interpretive, educational and motivational assistance will be given to local church leaders in an effort to improve understanding of and support for all apportionments.

4. **Presentation of Proposed Budgets** - The budgets of all conference boards, commissions, committees, institutions and agencies seeking support from the conference or from churches, groups or individual members of the churches of the conference, shall present their proposed budget for the ensuing year to the Council on Finance and Administration for recommendation to and approval by the annual conference. Conference program budgets will be processed by the conference Council on Ministries.

The following limitations shall apply only to those conference boards, commissions, committees, institutions, and agencies which receive their total budget support from the conference through apportionments, fees, or gifts.

- a. No annual conference agency expense of the budget under Connectional Ministry and Administration shall exceed the annual amount budgeted except as authorized by the conference Council on Finance and Administration.
- b. Gifts and Bequests

- 1) No board, agency or commission may accept gifts or bequests that will obligate that board, agency or commission beyond its present budget.
- 2) If the receipt of such gifts or bequests could obligate the annual conference in the future, it cannot be received or accepted until it has been approved by the board, agency or commission, the Council on Finance and Administration, and the annual conference.
- 3) If the acceptance of such a gift or bequest must be determined prior to a session of the annual conference, approval may be given by a two-thirds vote each of the Board of Trustees and the Council on Finance and Administration voting separately.
- c. Within the budget approved by the annual conference, the various conference boards, commissions, committees, institutions and agencies are individually given the task of distributing this in ways consistent with their assigned responsibilities.
- d. No funds shall be shifted between budget areas of administration, program, and projects.
- e. No program should be initiated or continued unless there is a reasonable assurance of adequate funds on a continuing basis to allow the program to be successful.
5. **Auditing Requirements** - All agencies receiving financial support from conference benevolences, or from any other authorized conference-wide appeal, shall make audited reports to the Council on Finance and Administration concerning all such receipts and the disbursement thereof in such detail and at such times as the Council may direct.
6. **Bonding of Treasurers** - The conference contracts for fidelity bonds covering financial personnel of the conference agencies located in the conference headquarters and the conference treasurer. In addition, a fidelity bond is provided for each annual conference treasurer, each annual conference trustee and for related staff up to \$1,000,000 by the General Council on Finance and Administration through the General Church Insurance Program.
7. **Control System** -The Council on Finance and Administration shall have a system of control in the disbursement of funds apportioned for conference staff, boards and agencies to insure that they remain within their allocated budget.

During the first six months of the fiscal year, the conference treasurer's office will honor vouchers presented for expenditures up to 70% of the amount approved by the annual conference for that board or agency. For the remainder of the year, spending by a board or agency may not exceed that board or agency's prorated amount of apportionment receipts to date not yet expended. Exceptions will be made only with the approval of the appropriate supervising council or its executive committee (conference Council on Ministries or the Council on Finance and Administration) as documented in its minutes.

There shall be no carrying forward of budgeted funds (from apportionment receipts) from one year to the next by any agency or board of the conference without approval of the Council on Finance and Administration. The following exceptions have been approved:

- a. A fund of up to \$8,000 may be accumulated for transitional activities at the time of a change of bishop, administered by the Episcopacy Committee.

- b. A fund of up to \$25,000 may be accumulated for maintenance of conference-owned properties, administered by the Board of Trustees.
- c. A fund of up to \$15,000 may be accumulated for counseling needs, administered by the conference treasurer at the direction of the Episcopal Office, for victims of clergy sexual misconduct.
- d. A fund of up to \$70,000 may be accumulated for new church challenge support activities, administered by the Board of Global Ministries.
- e. A fund of up to \$14,000 may be accumulated for district office equipment, to be administered by the Cabinet.

8. Housing/Furnishing Allowance - An amount of the salaries of the district superintendent, director of connectional ministries, benefits officer, conference staff, conference treasurer, assistant to the bishop and director of the United Methodist Foundation (if listed under the appointments) may be designated by that person and approved by CFA as a fair housing/furnishing allowance for Internal Revenue Service Section 107 purposes.

9. Conflict of Interest - Detroit Annual Conference officials, employees and/or members of the various boards and commissions of the conference shall not, during their time of service, receive any compensation or have any financial interest in any contract or in any firm or corporation which provides goods or services (excluding publicly held companies where the official employee or member owns less than 1 percent of the voting stock thereof) or in any contract for the supply of goods or services or the procurement of furnishings or equipment, interest in any construction project of the conference, site procurement by the conference, or any other business whatsoever unless approved in writing in advance by the official's or employee's immediate supervisor and/or the board or commission upon which the member participates after full disclosure of the conflict including the amount of compensation and/or benefit the official, employee, or member will receive.

The term "official" "employee" or "member of the board or commission" shall include the official's, employee's or member's immediate family. Immediate family shall be defined as any person residing with the official, employee or member and their mother, father, and/or sons or daughters.

10. Policy on Electronic Mail and Internet Usage. Conference employees are provided with e-mail and Internet access for the purpose of furthering the business of the Detroit Annual Conference. All computing equipment provided to employees for their use remains the property of the Detroit Annual Conference, and use thereof is subject at any time to monitoring by management without notice.

Use of conference e-mail accounts is limited to business purposes. As such, they may not be used to solicit participation in any non-conference-sponsored activities. Employees who engage in personal use of conference e-mail do so at their own risk and expense. The Detroit Annual Conference will neither assume nor share any responsibility for any harassment, defamation, copyright violation, or other violations of civil or criminal law that may occur as a result of personal and/or inappropriate e-mail use. Responsibility for such incidents shall rest solely with the person who engages in such activities. Employees are prohibited from accessing other employees' files without the express consent of appropriate management personnel. Employees are also prohibited

from using conference computer equipment and e-mail accounts to forward chain letters, jokes, or “spam.”

Employees are reminded that e-mail communications should be drafted with the same thought and concern that would be devoted to other types of written communications, such as letters or memoranda.

The conference reserves the right at any time and without notice to access and disclose all messages, sent from and received by conference e-mail accounts.

Employee access to the Internet on conference-owned computer equipment is strictly limited to business purposes. Employees are expressly prohibited from accessing any illegal websites. Accessing websites with racist, pornographic, defamatory, sexist, or otherwise offensive content is strictly prohibited. Employees who download copyrighted material in violation of the Copyright Act of 1976, 17 U.S.C. §101, *et seq.*, are reminded that they are subject to federal criminal prosecution. The Detroit Annual Conference will not assume any responsibility for any civil or criminal prosecutions of employees in connection with improper Internet activity, nor will the Detroit Annual Conference bear any portion of any legal fees employees may incur in connection with such improper activity.

The use of chat rooms with conference-owned computer equipment is strictly prohibited.

Conference employees are urged to exercise caution in opening e-mail attachments from unknown persons due to the risk of computer worms and viruses. Any conference employees who knowingly allow conference computer equipment to become infected by a virus or worm shall be subject to disciplinary action, up to and including immediate termination. Such employees may also be held legally and financially liable for these actions. The Detroit Annual Conference reserves the right to commence civil litigation or to press criminal charges in such circumstances.

Violation of any conference rule regarding e-mail and Internet usage may result in disciplinary action, up to and including immediate discharge from employment.

11. Parsonage Capital Fund

The money received from the sale of Detroit Annual Conference-owned parsonages shall be placed in a segregated fund for use as directed by *The Book of Discipline*, ¶2541-2.

Investment of the segregated fund so established will be made in accordance with the restrictions of the *Discipline*, and as provided in the conference Council on Finance and Administration investment policies. Five percent of the previous year's ending balance will be available for use in supporting housing allowances for district superintendents and conference staff. The calculation to determine the payout amount will be reviewed annually by the Trustees and CFA Investment Committee, and adjusted as needed, by vote of the conference Council on Finance and Administration.

Principal of the fund may be used

1. to purchase a parsonage.
2. to make a down-payment for the purchase of a parsonage.

It is recommended that when principal is used (as in 1 and 2 above), it be repaid, with interest, to the fund through future conference operating budget provisions.

Income from investment of the principal may be used as follows:

1. Income (as determined above) may be used for capital improvements on existing parsonages, so long as the items so financed would be allowed as capital items by Internal Revenue Service code.
2. A surplus of income (as determined above), not required for capital improvements on existing parsonages during the preceding year, may be made available for the funding of housing allowances for conference program staff and district superintendents.

Section V - **Moving Expense Code**

A. Eligible Persons and Moves

1. All pastors under active appointment within the Detroit Conference structure are eligible to receive moving expense benefits. This will include local church pastors, district superintendents, staff members of conference or district councils, boards, and agencies, treasurers, bishop's assistants, superintendents or directors of parish development, conference-approved evangelists, and campus ministers.
2. Seminary students and pastors from outside the Detroit Conference who are accepting appointment in the conference are eligible for moving expense benefits as provided in this code up to a limit of 750 miles beyond the state boundary.
3. The conference will pay for one "retirement move" for pastors who have retired from episcopal appointment in the conference. The move must be taken within five years of the retirement date. A move within the state of Michigan shall be paid in accordance with the provisions of this code. A move outside the state shall be paid not to exceed the cost of a 600-mile move under this code within the State of Michigan. Pastors called out of retirement and assigned to a charge will be granted an additional retirement move.
4. A disability move or the move of the surviving spouse of an eligible pastor shall be paid in accordance with the policy for retiring pastors.
5. When a separation or pending divorce action makes a move advisable, the spouse of a pastor is entitled to reimbursement for one move. Benefits are the same as those available to a surviving spouse of a deceased pastor.
6. Moves within a charge from one parsonage to another are the responsibility of the local charge unless ordered by the cabinet.
7. Pastors not eligible for moving expense benefits include those:
 - a. under appointment outside the structure of the conference.
 - b. on sabbatical, leave of absence, or location.
 - c. who no longer have membership in the annual conference.

B. Policy for Moves

1. Intrastate moves - Moves greater than 40 miles within the State of Michigan. These moves are regulated by State Law and the cost is based solely on weight and distance. Multiple estimates are not required.
2. Interstate moves – Moves to or from states other than Michigan. Interstate moves are very competitive and 2 or 3 estimates should be obtained before choosing a mov-

ing company to get the lowest rate available. Most movers will provide a "Not to Exceed" estimate.

3. Local zone moves (up to 40 miles) - Local zone moves are not regulated as are other moves within the state. Therefore, 2 or 3 estimates should be obtained to get the lowest rate available. Charges will be based on an hourly rate times the number of employees involved. Most movers will provide "Not To Exceed" estimates if asked.

4. Family travel - Family travel for pastors covered by this policy will be paid upon request, for one car, at the IRS rate (except the first 100 miles), plus tolls. If used and receipts presented, one overnight lodging will be paid for moves in excess of 350 miles.

5. Expenses covered by this code:

- a. Normal state tariff provision for loading, transporting and unloading of household goods up to a maximum weight of 20,000 pounds, including professional books and equipment. Reasonable additional weight will be allowed for clergy couples to enable movement of professional books and equipment for each clergy person. Handwritten weight certificates will not be accepted.
- b. Up to \$150 will be authorized for ancillary services to include packing materials, packing and unpacking services.
- c. One extra pickup and one extra delivery for each clergy person.
- d. Reasonable charges for necessary handling of special items such as a piano or freezer.
- e. Standard liability insurance of 60 cents per pound which is furnished by the moving company, at no extra charge, under basic tariff provisions.

NOTE: It is now required that the householder sign a release statement on the Bill of Lading on the day of the move to release the shipment to a value of 60 cents per pound per article. Failure to do this will allow the moving company to charge a premium for insurance to cover the shipment at a value of up to \$1.50 per pound.

- f. Where there are medically recognized physical limitations, up to \$1,000 additional shall be allowed for packing. (Contact the Conference Treasurer for authorization.)
 - g. Storage charges are the responsibility of the local church if the parsonage is not ready for occupancy. The conference will pay only to the place of storage.
 - h. When a moving company has been selected and an estimate given, contact the treasurer's office for authorization to be given to the mover. Because Michigan in-state moves are regulated by tariff, only one estimate is needed if items 1 and 2 above do not apply to the move.
6. Expenses NOT covered by this code:
- a. Moving of items other than normal household goods and books, such as boats, trailers, autos, building materials, firewood, fishing shanties, dog houses, etc.
 - b. Packing and/or unpacking services, except as noted in 4.f.
 - c. Full value insurance beyond standard liability insurance provided by the moving company.
 - d. Charges for waiting time, extra labor, connecting and disconnecting appliances.
 - e. Consequential damages resulting from any part or aspect of the move.

- f. Emotional or pain and suffering damages arising directly or indirectly, from any part or aspect of the move.

C. Miscellaneous Policies

1. No moving company shall employ a pastor or an immediate member of his/her family to solicit business at any time for the purpose of receiving a commission or other consideration.
2. No company shall be allowed to establish an office at the seat of the conference for the purpose of soliciting business.
3. Each pastor is advised to request a copy of his/her inventory sheet from the mover at the time of loading and that it be signed by both the pastor and the moving company.
4. Pastors may want to check with their moving company or home insurance company and request an all-risk policy that would cover all damages in the moving of their household goods from one residence to another.

D. Administration

1. The moving expense fund shall be administered by the conference treasurer.
2. The pastor shall be responsible for contacting a moving company and for scheduling the loading and unloading of household goods.
3. A written estimate of the cost of moving services shall be made by the moving company and a copy shall be sent to the conference treasurer's office in advance of the move.
4. A letter of authorization shall be sent from the conference treasurer's office in advance of the move.
5. Billing for the cost of moving expenses covered by this code shall be made directly to the conference treasurer's office. Moving expenses not covered by this code shall be billed directly to the pastor.
6. Provision for payment of any unusual expenses which are not defined by this code shall be arranged through consultation with the conference treasurer prior to the move.
7. Requests for exception to the provisions of this code shall be made to the conference treasurer in advance of the move. The treasurer shall review and decide on each exception after consultation with the cabinet and/or CFA, as necessary.
8. Pursuant to IRS rules, local moves and retirement moves are considered taxable to the employee. The treasurer's office will provide 1099-MISC to the employee in accordance with the IRS rules.

Approved Moving Companies

(Listed Alphabetically)

- 1.** Corrigan Moving Systems
United Van Lines
4204 Holiday Dr.
Flint 48507
810-235-9700 / 800-695-0540
www.corriganmoving.com
2. Escanaba Moving Systems
United Van Lines
2601 Danforth
Escanaba 49829
906-786-8205
3. Frisbie Moving and Storage
United Van Lines
14225 Schaefer Hwy
Detroit 48227
313-837-0808
4. Guindon Moving & Storage Co.
1600 3rd Ave. N.
Escanaba 49829
800-562-1075 / 906-786-6560
5. Henry L. Myers Moving
Allied Van Lines
1621 11th Ave.
Port Huron 48060
810-982-0149
6. Palmer Moving & Storage
North American Van Lines
24660 Dequindre
Warren 48091-3332
800-521-3954
7. Rose Moving & Storage
Allied Van Lines
41775 Ecorse Road, #190
Belleville, MI 48111
800-521-2220
www.rosemoving.com
8. Stevens Worldwide Van Lines
Clergy Move Center
527 Morley Drive
Saginaw 48601
989-755-3000 / 800-678-3836
www.stevensworldwide.com
9. Taylor Moving & Storage
8320 Hilton Rd.
Brighton, MI 48114
810-229-7070 / 800-241-7122
www.taylormoving-storage.com
10. Thunder Bay Moving & Storage
Atlas Van Lines
2630 US 23 South
Alpena 49707
989-356-9394 / 800-828-2016

**Although Corrigan has numerous offices, this office handles Detroit Conference moves, regardless of where the pastor is located within the state.

Section VI - **Special Offerings**

The annual conference recommends:

- A. The support of general and conference Advance Specials as particularly approved by the annual conference (see *Jubilee/Spotlight Book*).
- B. The special days designated in the *Discipline* and by the Detroit Annual Conference with offerings for:
 - 1. Christian Education Sunday
 - 2. World Communion Sunday
 - 3. Rural Life Sunday
 - 4. United Methodist Student Day
 - 5. Human Relations Day
 - 6. One Great Hour of Sharing
 - 7. Native American Sunday
 - 8. Golden Cross Sunday
 - 9. Peace With Justice Sunday
 - 10. Disability Awareness Sunday (without offering)

Section VII - **Calendar**

The following dates are established:

- A. **January 6, 2017** Last day for submitting payments to the conference treasurer for credit on the previous conference fiscal year.
- B. **January 20, 2017** Deadline for all boards, commissions, committees, and agencies to submit their budget requests for the ensuing conference fiscal year to the Council on Finance and Administration
- C. **January 30, 2017** Last day for receiving pastor's annual report by the conference statistician and treasurer.