

Rocky Mountain Conference of The United Methodist Church
Financial Commentary to the
2016 Annual Conference

What were Financial Highlights for the Year Ended December 31, 2015?

We are pleased to report that the **Rocky Mountain Conference paid its 2015 General Church and Jurisdictional Apportionments at 100%**. This is the second consecutive year we have met this important commitment, and we will continue to do so.

The 2015 operating budget for revenue and expenses was \$5.6 million. Actual revenue was approximately \$5.57 million and expenses were approximately \$5.5 million. This resulted in a surplus for the year of \$73,384.

The operating surplus was invested in these amounts to support future ministry:

- Temporary position of Transitional Ministry Developer: \$45,000
- Young People's Ministry: \$5,000
- Hispanic/Latino Ministry Missionary: \$8,384
- Rocky Mountain Conference Operating Fund Reserve: \$15,000.

Surpluses generate funds to maintain and grow ministry in years when there is a shortfall. The Conference Council on Finance and Administration (CF&A) encourages the use of restricted and designated funds in conjunction with annual budget funds to maximize our ability to do ministry.

What were the most significant expense items that varied from the budget in 2015?

- General and Jurisdictional Apportionments – These were budgeted to be paid at 96% in 2015. CF&A made the decision to pay them at 100%, so this expense was \$74,533 over budget.
- Benevolence & Program Ministry – Expenses for Justice Ministries and Young People's Ministry were each more than \$5,000 below budget. New Church Development was \$4,000 over budget. We did not budget for Visioning and spent \$8,229 on these activities. Conference Programming Staff was approximately \$82,000 below budget, because staffing and staff-related expenses that were budgeted for a full year were incurred for only part of the year.
- Spiritual Leadership Ministry – Lay Ministry expenses were \$10,800 below budget, and the Board of Ordained Ministry was \$7,500 over budget. District Superintendent and Cabinet operations and travel expenses were \$56,400 below budget. Clergy Support expenses are incurred each year based on need and circumstances. Overages in Moving Expense and Clergy Introduction Fund were offset by items that were under budget, including Interim Clergy Support and Equitable/Minimum Compensation.
- Financial & Administrative Ministry - Conference Office and Computer Expense were each \$18,300 below budget, because actual expenses for utilities, building maintenance and repairs, staff travel, and computer consultants were lower than expected. Property Administration, including expenses for insurance and property management, were higher than budgeted. Since CF&A moved expenses of the Conference Board of Pension & Health Benefits into the operating fund in 2015, there was no budget for these expenses. The actual expense was \$6,068.

The past due amount owed to the Rocky Mountain Conference for property and liability insurance, clergy pension, and health insurance was \$296,870 at December 31, 2015, which was \$23,170 higher than year-end 2014. CF&A and the Cabinet continue to follow up with individual churches to address these past due commitments. A current report of past due amounts is online at www.rmcmc.org. The Conference has no debt, and restricted and designated funds are fully funded.

What is our Revenue Projection for the Year 2016?

The 2016 budgeted revenue approved by the Annual Conference remained at \$5.6 million and through March 31, 2016 we had received approximately 29% of that in Tithe Plus Mission Giving. CF&A is projecting that we will achieve our revenue budget of \$5.6 million for 2016.

What are Key Assumptions for the Budget Year 2017?

Revenue

CF&A has approved a Tithe Plus Mission Giving budget of \$5.63 million in 2017. This is an increase of \$30,000 from the 2016 budget.

Expenses

The budget is based on the Rocky Mountain Conference paying its General and Jurisdictional apportionments at 100% in 2017. We will maintain our commitment to connectional giving while nurturing the roots of our faith and growing our vital ministries.

The number of Conference staff and compensation levels are budgeted per the Personnel Policies and Practices Committee to meet the ministry and administrative needs of the Conference and its members. Conference personnel costs in 2017 will be covered through a combination of the general operating budget and designated funds. The Director of Communications, Transitional Ministry Developer, Vital Congregations Developer, and Wyoming District Superintendent are shared Mountain Sky Area positions; a portion of these positions is funded by the Rocky Mountain Conference and a portion by the Yellowstone Conference.

Benevolence and Program Ministry

The Benevolence and Program Ministry budget has been established by the Board of Stewards. The Board of Stewards kept the 2017 budget for program ministries at the same level as the 2016 budget. The increase in Benevolence and Program Ministry in 2017 is reflected in Conference Programming Staff, which includes annual compensation increases for staff.

Spiritual Leadership Ministry

The 2017 budget for District Superintendents includes anticipated expenses for compensation plus benefits, District operations, and other expenses. Clergy Moving Expense is budgeted based on the average number of moves during the past quadrennium and the current policy regarding payment of moving expenses. Other Clergy Support expenses are budgeted based on the average expenditures for the past several years.

Financial and Administrative Ministry

The Conference Office budget includes expenses for technology upgrades, budgeted increases for building maintenance and utilities, and annual compensation increases for staff. The amount needed for the Retiree Health Subsidy is lower in 2017 than in prior years, and funds will be drawn from our account at Wespath Investment Management if an additional subsidy is needed.

Computer Expense includes software maintenance agreements, equipment upgrades, and information technology consulting services. We have budgeted to use less consulting services, since we have added this expertise in-house. The Audit includes both our independent financial audit and the valuation of the post-retirement medical commitment. The financial audit is projected to increase in cost with the move to Generally Accepted Accounting Principles. We have a full valuation done of the post-retirement medical commitment every other year, which is more expensive than the partial valuation. The full valuation is scheduled to be done in 2017.

Summary

Revenue from Tithes Plus Mission Giving is budgeted at \$5,630,000 and expenses are budgeted to be \$5,626,012. This 2017 budget is recommended by the Conference Council on Finance and Administration for approval by the Annual Conference.

Comprehensive Benefit Funding Plan

Our 2017 Comprehensive Benefit Funding Plan outlines the benefits provided to the clergy and laity of the Rocky Mountain Conference, and our resources and plans to fund these benefits. The Plan addresses pension and retirement benefits, health benefits, long-term disability, life insurance, and other benefits as applicable for eligible clergy and lay staff.

The 2017 Comprehensive Benefit Funding Plan Summary document can be found online at www.rmcmc.org/ac16.

The Rocky Mountain Conference Comprehensive Benefit Funding Plan received a favorable written opinion from the General Board of Pension and Health Benefits. It was signed and submitted by Kimal James, Chairperson, Conference Board of Pension and Health Benefits; Kirsten Barlow, President, Conference Council on Finance and Administration; and Noreen Keleshian, Conference Treasurer and Benefits Officer; and is recommended for approval by the Annual Conference.