

Rocky Mountain Conference of The United Methodist Church Financial Commentary to the 2017 Annual Conference

What were Financial Highlights for the Year Ended December 31, 2016?

We are pleased to report that the **Rocky Mountain Conference paid its 2016 General Church and Jurisdictional Apportionments at 100%**. This is the third consecutive year we have met this important commitment. The Rocky Mountain Conference Council on Finance and Administration (CF&A) prioritizes meeting our connectional commitment at 100% and intends to continue to do so.

The 2016 operating budget for revenue and expenses was \$5,600,000. Actual revenue was \$5,410,816 and expenses were \$5,412,193. This resulted in a deficit for the year of (\$1,377), or less than 0.5%.

CF&A asked ministry areas to reduce spending in 2016 when it became apparent we would not meet our revenue target. Ministry areas used restricted and designated funds in conjunction with annual budget funds to maintain our ability to do ministry, even with a 3.4% reduction in revenue.

The past due amount owed to the Rocky Mountain Conference for property and liability insurance, clergy pension, and health insurance was \$330,297 at December 31, 2016 which was \$33,427 higher than the past due amount at year-end 2015. 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.rmcmuc.org.

What is our Revenue Projection for the Year 2017?

The 2017 revenue budget approved by the Annual Conference is \$5,630,000. Through May 31, 2017 we received \$2,418,173 in Connectional Giving. This is 4.7% less than we received in the first five months of 2016. CF&A is projecting that we will not achieve our 2017 revenue budget. To manage this projected revenue deficit, CF&A has asked each budget area to reduce spending by 8% from its approved 2017 budget. CF&A will continue to monitor revenue and make adjustments throughout 2017 as necessary.

What are Key Assumptions in the 2018 Budget?

Revenue

CF&A has approved a Connectional Giving budget of \$5,368,000 in 2018. This is a reduction of \$262,000 (4.7%) from the 2017 budget.

Expenses

CF&A intends to reduce 2018 expenses below \$5,368,000 if needed based on revenue projections.

At the direction of CF&A, Bishop Oliveto, the Board of Stewards, and Conference staff reviewed budget areas to determine strategic reductions and minimize the impact on Conference ministries. The 2018 budget assumes no salary increases for RMC staff but at this time we have not eliminated any positions. The Director of Communications, Vital Congregations Developer, and Wyoming District Superintendent are shared Mountain Sky Area positions; a portion of the salary and related expenses for these positions is funded by the Rocky Mountain Conference and a portion is paid by the Yellowstone Conference.

Our intention is to use designated funds to supplement ministry budgets in 2018 and compensate for reductions, especially in the following line items:

- General and Jurisdictional Apportionments - The Rocky Mountain Conference intends to continue to pay its General and Jurisdictional apportionments at 100% in 2018. We will maintain our commitment to connectional giving while nurturing the roots of our faith and growing our vital ministries.
- Justice Ministries
- Young People's Ministries
- New Church Development
- Compassion Ministries
- Conference Office - Building maintenance expenses
- Retiree Health Subsidy - The budget for the Retiree Health Subsidy is lower in 2018 than in prior years. We will withdraw funds from our account at Wespath to supplement these payments.
- Computer Expenses - Software maintenance agreements.

Other assumptions that explain significant differences between the 2017 and 2018 budgets:

- Clergy Moving Expense is budgeted based on the average cost to the Conference for the past four years.
- Audit expense includes both our independent financial audit and the valuation of the post-retirement medical commitment. The financial audit will 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 partial valuation is scheduled to be done in 2018.

Summary of Recommendation by CF&A

Revenue from Connectional Giving is budgeted at \$5,368,000 and expenses are budgeted to be \$5,368,000. This 2018 budget is recommended by the Conference Council on Finance and Administration for approval by the Annual Conference.

Comprehensive Benefit Funding Plan

Our 2018 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 Rocky Mountain Conference Comprehensive Benefit Funding Plan was signed 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. As required by the 2016 *Book of Discipline*, the Plan was submitted to Wespath Benefits and Investments (formerly the General Board of Pension and Health Benefits) for review, and it received a favorable written opinion.

The 2018 Comprehensive Benefit Funding Plan Summary document can be found online at www.rmcmc.org/ac17. It is recommended for approval by the Annual Conference.