LEGISLATIVE SECTION 7
Final Report of the Conference Council on Finance and Administration
(Robert W. Dutton, President)

101. Introduction: This final report replaces the preliminary report all members of the New York Annual Conference received in the pre-conference mailing and the report should be reviewed in its entirety. This report and the proposed budget for 2008 will be discussed in Legislative Section 7 and submitted to the members of Annual Conference for their approval at the plenary session on Friday, June 8th.

102. The Budget Process and Our Role: Early each year, we conduct budget hearings and consult with the Cabinet, councils, boards, commissions, committees, and task forces to prepare the conference budget for the next year. Most importantly, at each of our meetings, we review current issues and brainstorm ways and means of communicating and interpreting our denomination’s financial needs. Our focus is not just on expenditures – we are also vitally interested in discipleship.

   We initiate and assist in the development of programs and workshops to help districts and local churches implement stewardship and discipleship programs. We are all responsible to communicate and interpret the significant mission and ministry of our Annual Conference and our denomination.

103. Vitality Assessment Teams: CF&A continues to encourage and support the formation, training, and renewal of our district vitality assessment teams. These wonderful volunteers have demonstrated that they are worth more than their weight in gold to the local churches they visit! A major and very successful training session was held in early 2006. We want to thank Margaret Howe and Rev. Ann Pearson and their teams for their leadership.

104. The Stewardship Academy: A key initiative of the CF&A in 2006 was the development and delivery of the NYAC Stewardship Academy. Our long-term goals are to reach out to as many people (lay AND clergy) as possible to help them:
   • Develop meaningful, year-round, spirit-filled stewardship programs,
   • Assist them with the “nuts and bolts” of local church finances and reporting,
   • Interpret our Shared Ministry Apportionments,
   • Communicate the true meanings of discipleship and stewardship and their importance to the health and spirituality of each member of a local church,
   • Prepare for and encourage transfers of assets and bequests, and
   • Encourage personal disciplines of stewardship and financial planning among local church members.
Members of CF&A, with the able assistance of Rev. Ann Pearson (representing connectional ministries) and Rev. Jeff Rarich (representing the Frontier Foundation), developed and held three Saturday workshops in the spring of 2006. Over 220 lay and clergy participated in these three sessions. We especially want to thank our CF&A Deans of the Stewardship Academy: Rev. Tim Riss, Rev. Kent Jackson, and Bill Voth.

Our keynote speaker, Lynda Byrd – Assistant General Secretary and Director of Development for the UMC General Board of Global Ministries, was very well received. These Stewardship Academies will continue to be modified and enhanced each year in response to the needs of the churches in our Annual Conference. We are intending this to be an ongoing program of assistance and solicit your input as to ways we can be most helpful to your local church.

105. **2006 Results:** You will remember that our year-end 2003 apportionment payment was submitted to the General Council on Finance and Administration (GCF&A) after the official cut-off date, and our late payment was added to our payments for 2004. We also experienced strong year-end 2004 payments by our local churches. That meant the total payments received by GCF&A from our Annual Conference in calendar year 2004 exceeded the total amount apportioned and our giving was recorded at 104%! We celebrated our performance and recognized that, as a result, we had accidentally challenged ourselves to become a conference meeting apportionments 100%, both at the local and national levels.

For the 2005 calendar year, our Annual Conference was one of only thirteen of the sixty-five conferences to pay its general church apportionments in full. We achieved this milestone by your increased support and the use of a portion of our new CCFA Reserve Fund.

*For calendar year 2006 we were able to respond from our abundance and for the third year in a row pay our general church shared ministry apportionments in full.* Four other conferences have joined this movement, and our Annual Conference is now one of seventeen responding in full to the general church!

As of 31 December 2006, our Annual Conference was only $201,208.83, or 10.1%, short of paying our entire shared ministry general church apportionments of $2,001,556. Our ability to pay our general shared ministry apportionments in full was made possible by contributions from several sources, and we should celebrate all of them. Please refer to Table 1 below. We should all be very proud that we were able to meet the challenge and make such a difference in the lives of others!
Reports - 2007

The Sources of the 2006 supplemental payments were:

- Bishop's Partners in Mission $85,000
- CCFA Reserve Fund $110,242
- Bronx Clergy Cluster “second mile giving” for:
  - Black College Fund $1,500
  - Africa University Fund $1,500
- Prior Year World Service Receipts** $7,967

Total $206,209

** Receipts for the 2005 World Service Fund received in 2006

Our total Annual Conference Shared Ministry Apportionment giving increased on a percentage basis from 85.1% in 2004, to 87.3% in 2005, to 88.7% in 2006. Total 2006 receipts amounted to $7,190,895 compared to an apportionment base of $8,107,551. (Please refer to Table 2 below). This is the highest percentage our Annual Conference has achieved in a very long time!

Allow us to repeat what we said last year about our record performance: “We said that last year, and you made us eat our words by beating your own performance!”

<table>
<thead>
<tr>
<th>Description</th>
<th>2006 General Church SMA</th>
<th>Receipts from NYAC churches</th>
<th>Balance</th>
<th>2006 %</th>
<th>2006 SMA Supplemental Payments</th>
<th>Total % Paid</th>
</tr>
</thead>
<tbody>
<tr>
<td>World Service</td>
<td>$1,100,784</td>
<td>$977,132</td>
<td>$123,652</td>
<td>88.8 %</td>
<td>$126,209</td>
<td>100.2%</td>
</tr>
<tr>
<td>Ministerial Education</td>
<td>$298,365</td>
<td>$276,452</td>
<td>$21,913</td>
<td>92.7 %</td>
<td>$22,700</td>
<td>100.3%</td>
</tr>
<tr>
<td>Black College</td>
<td>$158,678</td>
<td>$156,913</td>
<td>$1,765</td>
<td>98.9 %</td>
<td>$2,100</td>
<td>100.2%</td>
</tr>
<tr>
<td>Africa University</td>
<td>$35,520</td>
<td>$34,205</td>
<td>$1,315</td>
<td>96.3 %</td>
<td>$1,500</td>
<td>100.5%</td>
</tr>
<tr>
<td>Interdenominational</td>
<td>$30,920</td>
<td>$27,431</td>
<td>$3,489</td>
<td>88.7 %</td>
<td>$3,600</td>
<td>100.4%</td>
</tr>
<tr>
<td>General Administration</td>
<td>$96,691</td>
<td>$85,930</td>
<td>$10,761</td>
<td>88.9 %</td>
<td>$11,100</td>
<td>100.4%</td>
</tr>
<tr>
<td>Episcopal Fund</td>
<td>$280,598</td>
<td>$242,284</td>
<td>$38,314</td>
<td>86.3 %</td>
<td>$39,000</td>
<td>100.2%</td>
</tr>
<tr>
<td>General Church SMA</td>
<td>$2,001,556</td>
<td>$1,800,347</td>
<td>$201,209</td>
<td>89.9 %</td>
<td>$206,209</td>
<td>100.2%</td>
</tr>
</tbody>
</table>

Table 1: General Church Shared Ministry Apportionment (SMA) payments by the New York Annual Conference for calendar year 2006.
And yes, Table 2 (below) shows we fell short of supporting our shared ministry apportionment support in full by $956,300. That is a significant amount and we all need to work harder to close the gap in order to fund ministries and reach out in mission and service for transformation.

There is much work to do, but much work has been done and everyone should be proud of what we have done. More importantly, everyone should be proud of what we can do.

<table>
<thead>
<tr>
<th>Description</th>
<th>2006 Conference SMA</th>
<th>Receipts from NYAC churches</th>
<th>Balance</th>
<th>2006 %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administration</td>
<td>$1,783,032</td>
<td>$1,602,170</td>
<td>$180,862</td>
<td>89.9%</td>
</tr>
<tr>
<td>Clergy Support</td>
<td>$3,542,335</td>
<td>$3,054,410</td>
<td>$487,925</td>
<td>86.2%</td>
</tr>
<tr>
<td>World Service &amp; Conference Benevolences</td>
<td>$2,060,165</td>
<td>$1,851,248</td>
<td>$208,917</td>
<td>89.9%</td>
</tr>
<tr>
<td>Ministerial Education</td>
<td>$397,824</td>
<td>$378,534</td>
<td>$19,290</td>
<td>95.2%</td>
</tr>
<tr>
<td>Black College Fund</td>
<td>$158,675</td>
<td>$148,317</td>
<td>$10,358</td>
<td>93.5%</td>
</tr>
<tr>
<td>Conference Missional Priority Fund</td>
<td>$129,999</td>
<td>$122,796</td>
<td>$7,203</td>
<td>94.5%</td>
</tr>
<tr>
<td>Africa University</td>
<td>$35,521</td>
<td>$33,420</td>
<td>$2,101</td>
<td>94.1%</td>
</tr>
<tr>
<td>Total Shared Ministry Apportionments</td>
<td>$8,107,551</td>
<td>$7,190,895</td>
<td>$956,300</td>
<td>88.7%</td>
</tr>
</tbody>
</table>

Table 2: Shared Ministry Apportionment Summary of the New York Annual Conference for 2006.

(Please note that the numbers above do not include the “make-up” funds applied to the general church shared ministry apportionments to achieve 100% – nor do they include prior year receipts.)

Your response to the Bishop’s call for a “Partners in Mission Fund” was very gratifying. Through December 2006, this fund had received gifts and pledges totaling over $281,000.

The response of the people of the New York Annual Conference to natural disasters and other calls for help continues to be very heartwarming. NYAC Volunteers in Mission continue to travel to the Gulf Coast where the need is still critical. Several other areas of the world have received our support as well.
It is very appropriate that we celebrate our strong sense of connection and our recognition that together we can make a significant difference in the world. These results could not have been achieved without the focus, dedication, and commitment of our Bishop, the Cabinet, the district Vitality Assessment Teams (VATs), our clergy, and lay members of our local churches who responded to the call of stewardship. We would like to thank every person in our Annual Conference who helped raise our level of awareness to the true meaning of Christian Discipleship.

106. Outdoor Ministries: This important ministry of our Annual Conference has had its difficulties in the past, and they are making a concerted effort to overcome them. As in past years, however, the camping program was not able to pay all of its expenses in 2006 – mainly due to urgent capital expenditures. Last year, the Annual Conference was obligated to subsidize the camping program by paying $19,334 of their insurance bill and $47,629 of their program expenses (primarily salary and benefits). This $66,963 unfunded expense reduced our ability to carry out budgeted programs of our Annual Conference. Details of the un-reimbursed expenses are shown in Table 3 (below).

<table>
<thead>
<tr>
<th>Un-reimbursed Expenses</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program (salary and benefits)</td>
<td>$ 48,241</td>
<td>$ 10,938</td>
<td>$ 47,629</td>
<td>$ 58,567</td>
</tr>
<tr>
<td>Insurance</td>
<td>$ 30,876</td>
<td>$ 19,334</td>
<td></td>
<td>$ 50,210</td>
</tr>
<tr>
<td>Totals</td>
<td>$ 48,241</td>
<td>$ 41,814</td>
<td>$ 66,963</td>
<td>$108,777</td>
</tr>
</tbody>
</table>

Table 3. Un-reimbursed camping program expenses 2004-2006

*The Annual Conference camping program needs to be fully “owned” and supported by our Annual Conference (members, churches, districts). We have the ability and the abundance to support this program. If the Annual Conference does not support the camping program with its prayers, presence, gifts, and service, we will lose this program.*

We reaffirm our pledge to take an active role in assisting this program to achieve its goals and will continue to work with the camping program representatives, the connectional ministries team, and the trustees to achieve this task. CFA recommended, and the 2006 Annual Conference approved, the addition of $50,000 in the 2007 property administration budget to cover a portion of the cost of insurance for the camping program (please refer to Section II.C.1.a. of the budget).
107. **Conference Sessions:** The actual expense of our Annual Conference session increased to $384,692 in 2006 from $302,388 in 2005. Income from registration fees increased to $189,208 in 2006 from $169,911 in 2005. We are concerned about the increased cost of this extremely important meeting. CF&A has spent a great deal of time with the Conference Sessions Committee leadership and will continue to encourage all parties to explore options for conference sessions that are efficient, cost-effective, and spirit-filled.

108. **Cash Flow and Budget Reserves for Full Funding:** We need to take more than just a brief moment to count our blessings and celebrate our increased giving patterns! And, we need to acknowledge that there is work to be done. We celebrate the fact that local churches returned 88.7% of their shared ministry apportionments. However, that performance means that we DID NOT receive 11.3% of our 2006 shared ministry apportionments, or $956,300. Compounding this shortfall in receipts is the fact that (just like our local churches) we do not receive a steady one-twelfth of our shared ministry apportionments each month.

Our Annual Conference must remit our total HealthFlex payments every month in full. We cannot defer these payments. Our General Church Board of Pensions and Health Benefits has made it very clear to us that failure to send in the total amount due for our HealthFlex bill each and every month will jeopardize everyone covered by the plan.

To address the Annual Conference cash flow issues and the lack of full payments by many of our local churches, the Annual Conference budget is increased in specific areas to ensure “full funding” of our connectional commitments. These “reserve for full funding” line items would be eliminated if all churches returned 100% of the Shared Ministry Funds apportioned to them, AND our budget would be significantly smaller. As an example, the total of these “reserve for full-funding” line items in the 2007 budget is $638,211. When shared ministry apportionments are not received by the Annual Conference, the Annual Conference must prioritize and pay those budget line items the Annual Conference has mandated be fully funded each month. The solution to this problem needs the assistance and attention of every member of Annual Conference and of all the boards and agencies of our Annual Conference.

Cash flow issues affect almost all of our local churches – just as they affect the New York Annual Conference. It is not easy to meet expense obligations when income drops off in certain months, especially the summer months. Programs like the Stewardship Academy are intended to remind us that the churches of the New York Annual Conference are blessed with an abundance of gifts and talents. We all know that once Christians begin to operate from a sense of abundance (versus scarcity) many things can be accomplished in the name of Jesus Christ. More and more people have sensed the
strengthening theme of stewardship and the momentum that has developed in our Annual Conference. Let us continue to work to together to make all things possible!

109. **Health Benefit Non-Payments**: Following the guidelines in our plan document, and in consultation with the cabinet and the Conference Board of Pensions and Health Benefits, the Annual Conference notified several churches that their pastors were in danger of losing health benefits due to non-payment to the Annual Conference. Some churches responded and were able to catch up. It is our hope and prayer that the positive stewardship momentum in our Annual Conference will allow all our churches to keep our pastor’s health benefits current.

110. **Our New Pension Plan**: As of January, 2007, the United Methodist Church implemented a new Pension Plan for clergy. The Clergy Retirement Security Program (CRSP) has three components: 1) a defined benefit (DB) portion, 2) a defined contribution (DC) portion, and (3) the comprehensive protection plan (CPP). We commend our Conference Board of Pensions and Health Benefits for the work they have done to analyze the impact of this plan and their assistance in the communication, education, and management of the transition.

It should be noted that this change to the new Pension Plan (CRSP) does not change the responsibility of each local church to make payments every month, in full, just as mentioned in ¶108 for the HealthFlex payments. It is critical that each local church support its pastor(s) retirement plan. Failure to do so jeopardizes the future of our pastor(s) and the future of the local church.

111. **NYAC CF&A Policy Statement**: In addition to carrying out the responsibilities as outlined in the *Book of Discipline*, it is the policy of the NYAC CF&A to ensure the long-term financial viability of the New York Annual Conference by:

- Working with all organizations and members of the Annual Conference to achieve full payment of the shared ministry apportionments by all churches in the Annual Conference,
- Resourcing local churches with programs emphasizing stewardship and discipleship,
- Interpreting the Annual Conference budget and educating both clergy and lay members concerning the budget process,
- Initiating and facilitating conference and district programs to assist local churches in their stewardship and discipleship programs, and
- Providing as many avenues as possible for clergy and lay members of the Annual Conference to provide input and suggestions during the budgeting process.
112. Our Budget Process Goals: In 2005, we adopted the following objectives, commencing with the proposed 2006 budget:

- No increase for the 2006 conference budget, keeping in place the self-imposed cap in effect since 2003,
- Limit any increases in future budgets to an absolute minimum (no higher than the U.S. CPI) until collections exceed 90% of the amount of shared ministry and mission funds apportioned to local churches.
- Build a conference reserve fund (CCFA Reserve Fund) equal to 10% of the total budget.
- Gradually reduce, and eventually eliminate, the reserves for full funding when collections reach 95% of the amount apportioned.

113. 2008 Budget and Recommendations: This final report is accompanied by three other documents:

- a narrative budget,
- a one-page budget summary with proposed income and expense for the conference’s 2008 budget, and
- two pages of budget line item details.

CF&A urges you to study these documents carefully, discuss them with your colleagues as well as members of CF&A, and come to Annual Conference prepared to discuss and support our conference budget.

114. The 2008 Conference Budget: The proposed conference budget for 2008 is $8,859,417, which represents an increase of less than 1% over the 2007 conference budget. This is only the second year an increase has been proposed since 2003. The annual growth rate of our budget from 2003 to the 2008 proposed budget is less than 1.1%, well below the cost of living increase during those five years. Highlights of the 2008 proposed budget include (please refer to the budget narrative and spreadsheets for the details):

- A reduction in the uplift percentage used to calculate the reserves for full-funding (13% from 15%),
- A 3% increase in conference salaries,
- The Assistant to the Bishop position becomes 3/4 time effective 1 July 2008,
- An increase in the retiree HealthFlex costs reflecting a slightly higher number of retired clergy,
- An adjustment in the loan repayment to the Conference Board of Pensions and Health Benefits paying $150,000 of the remaining balance in 2008 and the final $150,000 in 2009,
- An increase in Conference Sessions expenses reflecting more recent history of our actual costs (especially in the areas of meals, accommodations, and sound & video media),
• One-time relocation support and ongoing facilities expenses to allow our Annual Conference archives to move out of our Conference Center,
• The addition of a staff member to manage billing and accounts receivable for the new pension plan (CRSP), HealthFlex, and the new property and casualty insurance plan (PACT),
• Enhanced efforts of our denomination in our worldwide programs of mission, outreach, evangelism, stewardship, leadership training, and spiritual development, and
• Increases in the cost of technical support and temporary staff requirements

2007 Budget and Recommendations:

115. District Superintendent Salaries: CF&A recommends that the 2008 salaries of the District Superintendents, the Director of Connectional Ministries, and Conference Treasurer be set at $72,518.

116. The NYAC Budget for Calendar Year 2008: CF&A recommends that the 2008 budget of $8,859,417 be approved as presented and apportioned to the churches.

117. Conference-wide Appeals: In accordance with The Book of Discipline, CF&A must review requests from all agencies, churches and institutions before they are put on the list for conference-wide financial appeals. This does not preclude regional appeals (e.g., Long Island Council of Churches). CF&A recommends that permission be given to the following institutions, projects, and organizations for conference-wide advance special appeals:

   a) Anchor House,
   b) Bethany Deaconess Society,
   c) Bethany Methodist Home, Brooklyn,
   d) Bethel Homes, Inc.,
   e) Bolivia – Cochabamba Project
   f) Brooklyn United Methodist Church Home,
   g) Cambodia Mission
   h) Co-op City United Methodist Church,
   i) Costa Rica, Siquirres,
   j) The Children’s Home of the Wyoming Conference,
   k) Far Rockaway Mission,
   l) Ghana Mission,
   m) Haiti – Jean Rabel
   n) John Street United Methodist Church, Manhattan,
   o) Methodist Church Home of New York (Riverdale, The Bronx),
   p) Mozambique Mission
   q) New York Methodist Hospital,
   r) New York Education Society,
s) The NYAC Camping Program Capital Campaign,
t) United Methodist City Society (including Five Points Mission),
u) United Methodist Homes of Connecticut, and
v) Women’s Advocacy Ministry (WAM)

118. **In Appreciation:** This past year was my third year as president of CF&A, and I want to express my sincere and heartfelt thanks to some very special people in our Annual Conference. The Council on Finance and Administration could not have accomplished its work without the devoted and dedicated efforts of Ernest Swiggett, the finance staff, and Pat Perruccio. In addition, our CF&A meetings would not have been as successful and meaningful without the faithful participation of each of the members. We have faced some difficult and complex issues. Our discussions have been frank, thoughtful, caring, thorough, and insightful. We have made significant progress and have sensed, along with many of you, that the New York Annual Conference has begun a new and revitalized discipleship journey. We are blessed to have close partnerships with the Bishop, the Cabinet, our Board of Pensions and Health Benefits, and other conference boards, agencies and commissions. I want to express my sincere appreciation to: Bishop Jeremiah Park; our District Superintendents; Ann Pearson, Conference Director of Connectional Ministries; Bill Barnes, chair of the Conference Board of Pensions and Health Benefits; and Diane Hornaday, President of the Board of Trustees; for their participation, advice, and counsel as we have worked together to improve the financial health and, most importantly, the shared ministries of the NYAC.

I cannot close this report without a special word of appreciation to the CF&A executive committee: Tim Riss – Vice President for Finance, Peggy Fabrizio – Vice President for Administration, and Margaret Robinson, Secretary, for their wise counsel and steadfast support.

CF&A celebrates, with thanksgiving, all those saints in our local churches who have been such good stewards of the gifts of God and faithful servants of our Lord in these difficult and challenging times. This wonderfully diverse connection we call the New York Annual Conference of the United Methodist Church has become a stronger faith community in the last several years as we have faced our challenges together as children of God in mission and ministry. Our covenant together (within the Annual Conference and with the general church) has never been stronger. My prayer is for continued success in our journey to become more responsible and responsive stewards of the gifts God has bestowed upon us.