

2019 District Assembly Finance Committee Report

Your District Advisory Board, serving as the District Assembly Finance Committee, met on **February 28, 2019** at Gainesville CityLight Church of the Nazarene. Present were Brent Williams, chair; Larry D. Dennis, William Andrews, Virginia Bauer, Charles Davis, Ashok Dhanarajan, Brad Fink, Monica Freeland, Christiana Jones, Hugh King, Jeanne Morgan, Donald Myers, Brett Rickey, Martha Stephens, and Bill Stieren. Also present were Mindy Rickey, district treasurer, and Mary Egidio, assistant treasurer.

The committee makes the following recommendations:

A. Local Church

1. That each church board, in the care of its pastor and ministerial associates, implement the following:
 - a. Reimburse the pastor and full-time district-licensed ministerial associates an amount equal to their self-employment taxes. This amount must be added to their IRS form W-2 at the end of each year.
 - b. Provide for the health insurance premium each month for their pastor(s) and his or her dependents. Church Boards should be aware of current IRS rules about the taxability of health care benefits.
 - c. Give prayerful, attentive consideration to the annual review and adjustment of the pastor(s)' and staff salary, cash benefits, and accountable professional expense reimbursement.
 - d. Give a bonus of at least one week's salary to the pastor(s) at Christmas.
 - e. That local church boards establish the following vacation program for our pastors and full-time ministerial associates with the accumulative years in service to the denomination as follows:

<i>Years of Service</i>	<i>Number of Weeks of Vacation</i>
1 - 4	2
5 - 10	3
11 - 19	4
20 - or more	5

Vacation time does not accumulate from year to year. The year of service will be prorated for the first year, then change to the calendar year.

f. Participate in the Nazarene Retirement Savings Plan (tax sheltered annuity) for ministers who earn their full livelihood from the ministry. For details, write Pensions and Benefits Services, 17001 Prairie Star Parkway, Lenexa, KS 66220, or visit www.pbusa.org.

g. Provide the expenses of the pastor and spouse and associates to the District *Advance*, conventions, and retreats. Also, where possible, each church should set aside a fund to assist the pastor and family to attend the General Assembly and Conventions.

h. Give consideration to sending its pastor to learning seminars for continuing education credit and/or specialized assignments up to two Sundays during the year and to provide an amount to fund this continuing education and books.

i. Give consideration to adopt a sabbatical leave policy following the guidelines according to *Manual*, paragraph 129.10. Sample policies are available at the Global Clergy Development website: <http://www.usacanadaregion.org/ministries/global-clergy-development> or through the District Resource Center or website.

2. That each church provide for expenses of its delegates to the District *Advance* and Conventions.

3. That the local church boards follow all Manual procedures for financial accounting and hiring. (See *Manual*, paragraphs 129.6, 129.20, 129.21, 129.22, 129.23, 129.28, 159 – 159.8.)

4. That the local churches pay all budgets according to the following:
 - A. The 8% Fair Share Plan will be a unified amount which will include the payment of the following categories: Pensions Fund, Educational Fund, District Unified, District SDMI, District NYI and District NMI. The 8% Fair Share Plan shall be calculated according to the following formula:
 - i) The local church shall send 8% of the weekly church income to the District Resource Center (via

check or electronically) on a weekly basis, no less than monthly. The district treasurer will divide each local Fair Share payment by a formula of percentages and forward the appropriate amount to the respective recipients. **Refer to www.fundingthemission.org for income definitions and details.**

- ii) Each local church that makes their 8% Fair Share contribution as described in this paragraph will be considered to have met their 8% Fair Share in full.
- iii) That the general, regional and district obligations be paid from the Fair Share income, to be distributed based on the following percentages:
 - a. Trevecca: 2.25%
 - b. Pensions and Benefits: 2.25%
 - c. District: 3.5% From which district money would be distributed between District Operations and district auxiliaries, by the following percentage:
 - District operations: 83.5%
 - SDMI: 5.5%
 - NMI: 5.5%
 - NYI: 5.5%
- iv) District auxiliaries may carry over a reserve to the next budget year in an amount equal to the prior year budget transfers. Any additional amounts held in reserve must be approved by the District Budget Review Committee at their annual budget meeting. Excess amounts must be returned to the District Treasurer no later than the District *Advance* following that meeting.

B. Each local church shall pay 5.5% of its church income for World Evangelism Fund. Checks should be sent to Global Treasury Services, P.O. Box 843116, Kansas City, MO 64184-3116. Payments may also be made at www.fundingthemission.org (authorization required).

5. That all local churches and district leaders encourage the use of the gifts and annuities programs to benefit the general church, district church, local church and our educational institutions, by the use of wills and charitable remainder trusts, and the Church of the Nazarene Foundation.

6. That local churches continue special offerings for the Nazarene Bible College, Nazarene Theological Seminary, and Nazarene Missions International 10% Specials annually, or on the dates specified by these groups.

7. That the district journal be distributed to the local churches in an electronic (pdf) format. Each church will receive a PDF copy of the journal. The District Resource Center will provide bound, printed journals at a cost of \$15 each, which includes postage.

8. That all local churches be incorporated in accordance with *Manual* provisions, and that their Uniform Business Report be filed with the Florida Secretary of State in Tallahassee by May 1 of each year. (See *Manual*, paragraph 102.) Contact the District Resource Center for assistance if needed.

9. That each local church annually review and report its insurance coverage to make sure that its building(s) and contents are adequately insured, and designate the Florida District as loss payee or additional insured, providing proof of insurance to the District Resource Center annually. The local church is not covered by any district-held policy.

10. That each local church holding title to Florida real estate make certain that the annual property tax exemptions have been filed with the county tax assessor. New filings or corrections must be made before March 1 of each year to avoid payment of property taxes.

11. That in order to protect our most precious asset, our children, the district encourages each church to adopt and enforce a written policy and procedures to minimize the risk of sexual misconduct on the part of either paid or volunteer staff. This would include, but would not be limited to, background checks. (Manual 129.30) A sample of such procedures is available at the District Resource Center.

12. That each local church is advised of the denominational program, NazareneSafe™, which provides resources for developing appropriate guidelines and procedures for protecting minors and preventing sexual misconduct in the church. Visit NazareneSafe.org for details.

13. That each local church register any locally-licensed ministers with the General Secretary's office at the Global Ministry Center, in cooperation with the NazareneSafe™ program. Contact the District Resource Center for forms.

14. That each local church develop and adopt security procedures, including emergency and disaster plans. See the district website, www.floridanaz.com – “Resources” for sample policies.

15. That the first fifteen paragraphs of this report be provided to each local church board secretary and treasurer for dissemination to their church board in the first quarter of each church year.

B. District

1. That the members of the various District boards and committees be reimbursed for their travel at the mileage rate set at 80% of the current amount allowed by the Internal Revenue Service, rounded to the nearest whole cent, regardless of the method of transportation the individual may use; when overnight travel on the District is required. Special consideration will be given as needed. No other incidental charges, including telephone, are considered District expense.

2. That the district treasurer be authorized to pay an amount equal to the federal self-employment tax for the district superintendent. This is to be paid directly to the district superintendent, who must make remittance to the IRS.

3. That the district superintendent be granted five weeks of vacation with pay and given a gift equivalent to one week's salary, housing, and related SECA tax reimbursement at Christmas.

4. That the district superintendent's expenses to all district, regional, and denominational conferences be paid by the district.

5. That the District Advisory Board engage a CPA for an attest engagement of the district financial records, as supervised by the standing audit committee.

6. That the district superintendent, in consultation with the District Advisory Board, shall establish an appropriate plan for the underwriting of expenses of delegates to the General Assembly. Each auxiliary shall likewise make appropriate plans for delegates to their respective general conventions.

7. That this statistical/fiscal year consist of 12 months (March 1, 2019 through February 29, 2020); and that the district send quarterly statements to the pastors and local church treasurers.

8. That the District Advisory Board shall review the 8% Fair Share Giving Plan and suggest modifications as appropriate.

9. District Advisory Board shall empower the Budget Planning Committee to perform a mid-year review of the actual income receipts and the budget for the current financial year, for the purpose of modifying the budget as needed to reflect actual receipts year to date. This committee shall report its findings to the District Advisory Board. The District Advisory Board should then determine what actions should be taken, if any, to adjust expenditures or budgets accordingly.

Addendum A

	<u>District Operating</u>	<u>District Missions</u>	<u>Unusual Items -- DS Transition</u>
District Income:			
<i>Fair Share:</i>			
Prior Year	132,000		
Current Year	<u>1,150,000</u>		
<i>Total Fair Share</i>	<i>1,282,000</i>		
<i>Fair Share Transfers:</i>			
P & B	(360,472)		
TNU	(360,472)		
SDMI	(30,837)		
NMI	(30,837)		

	<u>District Operating</u>	<u>District Missions</u>	<u>Unusual Items – DS Transition</u>
NYI	<u>(30,837)</u>		
<i>Total Fair Share Transfers</i>	<i>(813,454)</i>		
<i>District Fair Share (net)</i>	<i>468,546</i>		
<i>Investment Income:</i>			
Bank & Nazarene Foundation	66,025		
Property Sales 10%	100,000		
Notes Receivable	<u>19,395</u>		
<i>Total Investment Income</i>	<i><u>185,420</u></i>		
Total District Income	653,966		
District Expenses:			
District Administration	(415,532)		(28,500)
District Operations	(177,708)		(9,800)
District Office	(39,655)		0
Other	<u>(21,071)</u>		<u>(12,801)</u>
Total District Expenses	(653,966)		(51,101)
District Net	<u>0</u>		<u>(51,101)</u>
District Mission Income:			
Grant - GCF		75,000	
Board Designated Revenue		<u>792,319</u>	<u>51,101</u>
Total District Mission Income		867,319	51,101
District Mission Expense:			
Mission Leadership		(93,000)	
Mission Support (Projects & Expenses)		<u>(774,319)</u>	
Total District Mission Expense		(867,319)	
District Mission Net		<u>0</u>	
District Net - Unusual Items - DS transition			<u>0</u>

Respectfully Submitted,

BRENT WILLIAMS, Chairman

MINDY RICKEY, District Treasurer