

**REPORTS TO THE
NORTH ALABAMA CONFERENCE**

2017

**Council on Finance
Board of Pension and Health Benefits
Board of Trustees**

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**Council on Finance
Report Number 1**

The Council on Finance recommends adoption of the following budget (excluding clergy benefits) for the period January 1, 2018 through December 31, 2018.

FUND NO.	DESCRIPTION	2018	2017 (pro forma)	\$ INCREASE (DECREASE)	% CHANGE
SECTIONS A, B AND C - UNIFIED BUDGET					
100	SECTION A: MINISTERIAL SUPPORT	\$4,080,502	\$4,295,452	(\$214,950)	-5.00%
200	SECTION B: WORLD SERVICE (64.99%) AND CONFERENCE BENEVOLENCES (35.01%)	3,288,105	3,020,096	268,009	8.87%
300	SECTION C: MINISTRY ADMINISTRATION	1,447,280	1,481,269	(33,989)	-2.29%
	TOTAL - SECTIONS A, B AND C - UNIFIED BUDGET	<u>8,815,887</u>	<u>8,796,817</u>	<u>19,070</u>	<u>0.22%</u>
SECTION D - OTHER MINISTRIES					
401	MINISTERIAL EDUCATION FUND	592,862	592,237	625	0.11%
402	BLACK COLLEGE FUND	236,487	236,238	249	0.11%
403	AFRICA UNIVERSITY FUND	52,925	52,869	56	0.11%
430	SEJ MISSION AND MINISTRY FUND	27,556	27,556	0	0.00%
450	BIRMINGHAM-SOUTHERN COLLEGE AND HUNTINGDON COLLEGE SCHOLARSHIP FUND	350,000	350,000	0	0.00%
454	METHODIST HOMES FOR THE AGING	20,000	25,000	(5,000)	-20.00%
456	UNITED METHODIST CHILDREN'S HOME	20,000	25,000	(5,000)	-20.00%
458	NORTH ALABAMA UNITED METHODIST FOUNDATION	20,000	25,000	(5,000)	-20.00%
460	SUMATANGA	20,000	25,000	(5,000)	-20.00%
	TOTAL - SECTION D - OTHER MINISTRIES	<u>1,339,830</u>	<u>1,358,900</u>	<u>(19,070)</u>	<u>-1.40%</u>
	TOTAL - APPORTIONED BUDGET	<u>\$10,155,717</u>	<u>\$10,155,717</u>	<u>\$0</u>	<u>0.00%</u>

D

NORTH ALABAMA CONFERENCE - UNITED METHODIST CHURCH
2018 CONFERENCE BUDGET (EXCLUDING CLERGY BENEFITS)

SCHEDULE OF INDIVIDUAL FUNDS

FUND NO.	DESCRIPTION	2018	2017 (pro forma)	\$ INCREASE (DECREASE)	% CHANGE
SECTION A - MINISTERIAL SUPPORT					
116	New Church Situations	966,753	1,091,827	(125,074)	-11.46%
122	Equitable Compensation	85,030	90,494	(5,464)	-6.04%
126	Mission Churches	240,302	255,743	(15,441)	-6.04%
132	Higher Education (salary support for campus ministries)	277,271	295,088	(17,817)	-6.04%
140	District Superintendents	1,030,525	1,091,827	(61,302)	-5.61%
144	Board of Ordained Ministry	263,408	280,334	(16,926)	-6.04%
150	GCFAs - <i>Episcopal Fund</i>	519,819	519,270	549	0.11%
154	NAC - Episcopal Housing Fund	7,394	7,869	(475)	-6.04%
196	Funding Reserve - Section A	690,000	663,000	27,000	4.07%
	TOTAL - SECTION A	4,080,502	4,295,452	(214,950)	-5.00%
SECTION B - WORLD SERVICE (55.73%) AND CONFERENCE BENEVOLENCES (44.27%)					
202	GCFAs - <i>World Service Fund</i>	1,755,310	1,753,459	1,851	0.11%
204	Congregational Development	340,120	368,860	(28,740)	-7.79%
208	Servants Like Jesus (2016 Balance Forward: \$141,200)	0	0	0	
212	Higher Education (program support for campus ministries)	55,907	59,500	(3,593)	-6.04%

**NORTH ALABAMA CONFERENCE - UNITED METHODIST CHURCH
2018 CONFERENCE BUDGET (EXCLUDING CLERGY BENEFITS)**

SCHEDULE OF INDIVIDUAL FUNDS

FUND NO.	DESCRIPTION	2018	2017 (pro forma)	\$ INCREASE (DECREASE)	% CHANGE
222	Adult Discipleship	6,470	6,885	(415)	-6.03%
232	Prophetic Ministries/Status and Role of Women	6,470	6,885	(415)	-6.03%
236	Ministry with the Poor	70,000	0	70,000	
242	Children's Discipleship (see Fund No. 276)	0	4,918	(4,918)	-100.00%
246	Evangelism (see Fund No. 276)	0	590	(590)	-100.00%
250	Ethnic Ministries (African-American, Hispanic, Korean, and others)	116,870	122,412	(5,542)	-4.53%
256	Lay Ministry	9,704	9,836	(132)	-1.34%
260	Church Health	264,332	279,350	(15,018)	-5.38%
268	Youth Discipleship (see Fund No. 276)	0	29,509	(29,509)	-100.00%
272	Pastoral Care and Counseling	69,318	87,425	(18,107)	-20.71%
276	Connectional Ministries - Programming	36,970	0	36,970	0.00%
280	Connectional Ministries - Operations	38,818	41,312	(2,494)	-6.04%
290	Connectional Ministries - Personnel	221,816	231,155	(9,339)	-4.04%
296	Funding Reserve - Section B	296,000	18,000	278,000	1544.44%
	TOTAL - SECTION B	3,288,105	3,020,096	268,009	8.87%

NORTH ALABAMA CONFERENCE - UNITED METHODIST CHURCH
 2018 CONFERENCE BUDGET (EXCLUDING CLERGY BENEFITS)

SCHEDULE OF INDIVIDUAL FUNDS

FUND NO.	DESCRIPTION	2018	2017 (pro forma)	\$ INCREASE (DECREASE)	% CHANGE
SECTION C - MINISTRY ADMINISTRATION					
308	Superannuate Homes	18,485	19,673	(1,188)	-6.04%
312	Annual Conference Meeting	106,287	113,117	(6,830)	-6.04%
316	Treasurer's Office/Administrative Services	316,089	336,401	(20,312)	-6.04%
320	Computer Services	97,045	102,297	(5,252)	-5.13%
324	Public Relations and Communications	175,605	186,889	(11,284)	-6.04%
336	NAC - Episcopal Fund	7,394	7,869	(475)	-6.04%
340	Episcopal Initiatives	12,000	0	12,000	
350	United Methodist Center	101,666	108,200	(6,534)	-6.04%
356	Archives and History	22,182	23,607	(1,425)	-6.04%
360	GCFA - General Administration Fund	208,429	208,209	220	0.11%
364	GCFA - Interdenominational Cooperation Fund	46,366	46,317	49	0.11%
390	Contingency and Miscellaneous	75,732	78,690	(2,958)	-3.76%
396	Funding Reserve - Section C	260,000	250,000	10,000	4.00%
	TOTAL - SECTION C	<u>1,447,280</u>	<u>1,481,269</u>	<u>(33,989)</u>	<u>-2.29%</u>
	TOTAL - UNIFIED BUDGET	<u>8,815,887</u>	<u>8,796,817</u>	<u>19,070</u>	<u>0.22%</u>

**NORTH ALABAMA CONFERENCE - UNITED METHODIST CHURCH
2018 CONFERENCE BUDGET (EXCLUDING CLERGY BENEFITS)**

SCHEDULE OF INDIVIDUAL FUNDS

FUND NO.	DESCRIPTION	2018	2017 (pro forma)	\$ INCREASE (DECREASE)	% CHANGE
SECTION D - OTHER MINISTRIES (Disburse Actual Receipts)					
401	GCFA - Ministerial Education Fund	592,862	592,237	625	0.11%
402	GCFA - Black College Fund	236,487	236,238	249	0.11%
403	GCFA - Africa University Fund	52,925	52,869	56	0.11%
430	SEJ - Mission and Ministry Fund	27,556	27,556	0	0.00%
450	Birmingham-Southern College and Huntingdon College Scholarship Fund (\$50,000 to Huntingdon)	350,000	350,000	0	0.00%
454	Methodist Homes for the Aging	20,000	25,000	(5,000)	-20.00%
456	United Methodist Children's Home	20,000	25,000	(5,000)	-20.00%
458	North Alabama United Methodist Foundation	20,000	25,000	(5,000)	-20.00%
460	Sumatanga	20,000	25,000	(5,000)	-20.00%
TOTAL - SECTION D		1,339,830	1,358,900	(19,070)	-1.40%
TOTAL BUDGET		\$10,155,717	\$10,155,717	\$0	0.00%



Report Number 2: 2018 Conference Budget Funding Model

The Council on Finance recommends the 2018 North Alabama Conference budget be funded by local churches using a proportional giving based funding model. The goal of the proportional giving based funding model is for each local church to remit a minimum of 10% (a tithe) of its unrestricted receipts on a monthly basis in support of the Conference budget and the local church's district budget. Local churches will not be asked to remit separate or additional amounts for district budgets in 2018.

Unrestricted receipts are defined as those receipts reported in Lines 62 a, b, and c of Table 3 in the annual Local Church Report. Lines 62 a, b, and c are defined as follows:

Line 62 a – Amounts Received through Pledges

Line 62 b – Amounts Received from Non-Pledging, but Identified Givers

Line 62 c – Amounts Received from Unidentified Givers

The data reported by local churches in their annual Local Church Reports is included in the Conference *Journal* each year. The 2017 Conference *Journal* will include the calendar year 2016 Local Church Report data for each church. Local churches may find this information helpful as they plan their giving for 2018.

Some churches will find the proportional giving based funding model asks them to contribute more in their connectional giving than the historical apportionment model which was used prior to 2017, while other churches will find the proportional giving based funding model asks them to contribute less than the historical apportionment model. Creating faithfulness to Biblical stewardship is a primary objective of the proportional giving based funding model. Churches not able to remit 10% of their unrestricted receipts in 2018 are asked to discuss their plan for moving to the 10% proportional giving based model with their district superintendent.



Council on Finance

Report Number 3: Compensation

The Council on Finance recommends the following compensation amounts for the period January 1, 2018 through December 31, 2018:

Position	Base Salary	Utilities	Prof. Exp. (Primarily Travel)	Dependent Health Insurance ⁽⁴⁾
District Superintendents and Director of Connectional Ministries ⁽¹⁾⁽²⁾	⁽²⁾	\$5,820 ⁽³⁾	\$12,400 ⁽³⁾⁽⁵⁾	TBD
Chief Financial Officer, Conference Treasurer, and Benefits Officer	⁽⁶⁾	-	-	TBD

- NOTES:
- ⁽¹⁾ Housing arrangements are provided for each district superintendent and the Connectional Ministries director.
 - ⁽²⁾ Funding for the base salaries of district superintendents and the Director of Connectional Ministries is included in the 2018 Conference budget. Base salaries for District Superintendents and Director of Connectional Ministries are determined by the Bishop and the minimum annual base salary for these positions is \$60,000.
 - ⁽³⁾ Budgeted amounts for utility allowances and professional expenses shall be paid to each district office in the form of a grant from the Annual Conference.
 - ⁽⁴⁾ The Council on Finance recommends that the Conference and the districts, as applicable, provide for the cost of dependent health insurance.
 - ⁽⁵⁾ Payable by voucher (reimbursement only) for the Connectional Ministries director.
 - ⁽⁶⁾ The total salary for this position is \$141,620 in 2017, which includes a benefits officer salary of \$53,980 provided by the North Alabama Conference Board of Pension and Health Benefits. The Council on Finance will determine the 2018 total salary for this position in December, 2017.



Council on Finance

Report Number 4: General Rules and Procedures

- 1) The Conference Treasurer shall disburse budget items on a monthly basis, as applicable.
- 2) The amount budgeted for Fund No. 390 - Contingency and Miscellaneous shall not exceed 10 percent of the total of Section C – Ministry Administration. The Council on Finance is authorized to make emergency allocations from Fund No. 390 - Contingency and Miscellaneous by a majority vote of the members.
- 3) The Council on Finance is authorized to make changes in amounts budgeted for individual funds during the budget year, provided the applicable funds are used for purposes consistent with the Conference's *Vision, Mission, and Priorities* and the total for all budgeted funds does not change. In addition, the Council on Finance is authorized to establish proration of budget funds when appropriate based on current economic factors.
- 4) All unexpended Conference budget funds at the end of the year shall be transferred to the applicable reserve account, except those funds authorized to carry a balance forward to the next year.
- 5) The principal amount in the Conference operating account shall not be less than \$250,000.
- 6) Moving expenses of retiring pastors shall be paid by voucher, according to the following schedule:

1 – 5 years of full-time ministry	up to \$ 750
5 – 10 years of full-time ministry	up to \$1,500
10 – 15 years of full-time ministry	up to \$2,250
15 + years of full-time ministry	up to \$3,000

Pastors are asked to make every effort to keep moving expenses to a minimum cost.

- 7) The Conference's annual Schedule of Revenues, Expenditures, Transfers, and Changes in Fund Balance shall be audited by a Certified Public Accountant firm approved by the Council on Finance.

Report Number 5: Local Churches and Conference Agencies

- 1) Funds remitted by local churches for the Conference annual budget and the district operating fund shall be deposited by the district office in the Conference operating account on a weekly basis.
- 2) Conference agencies shall include all Conference boards, committees, commissions, councils, and other related institutions. Local churches shall be permitted to make direct gifts to Conference agencies without any Conference budget restrictions
- 3) All Conference agencies shall use the Conference Treasurer as fiscal agent unless authorized to operate their own treasury.
- 4) Any Conference agency authorized to operate its own treasury shall provide the Conference Treasurer with evidence of proper bonding and a copy of the entity's annual audited financial statements for the most recent fiscal period ending on or prior to December 31, 2017. Such reports shall be provided no later than May 1, 2018 as required by ¶617.2 in the 2016 *Book of Discipline*.

Upon instructions of the Council on Finance, the Conference Treasurer may be required to withhold funds, beginning May 1, 2018, of any board, commission, committee or council not complying with this requirement of the *Book of Discipline*.

- 5) No Conference agency receiving funds from the Conference budget shall pay mileage at a rate in excess of 40% of the Internal Revenue Service (IRS) standard mileage rate rounded to the nearest cent for those attending Conference activities. Full time Conference-employed staff persons and the Conference Lay Leader may be paid at the IRS standard mileage rate.
- 6) No Conference agency, local church, individual, or any other interest shall attempt to raise funds for any purpose on a Conference-wide basis without approval being given by the Annual Conference or between sessions of the Annual Conference by a two-thirds vote of the Bishop's Operational Team and the Council on Finance acting jointly.

Report Number 6: Distribution of Interest

Interest earned and market gains or losses in 2018 on funds belonging to the Conference Board of Pension and Health Benefits shall be applied to these funds. Interest earned on all other funds shall be used to offset bank analysis charges. Any interest not belonging to the Conference Board of Pension and Health Benefits and in excess of bank analysis charges shall be applied to the Conference's permanent stabilization reserve fund.

Report Number 7: Special Sundays

The Council on Finance urges continued support for the special ministries listed below. These ministries are supported by voluntary contributions, not apportionments, and are worthy of our continued generous support:

Human Relations Day	January 14, 2018
UMCOR Sunday	March 11, 2018
Native American Awareness Sunday	April 15, 2018
Peace with Justice Sunday	May 27, 2018
Sumatanga Sunday	August 12, 2018
Volunteers in Mission Sunday	September 23, 2018
World Communion Sunday	October 7, 2018
United Methodist Student Sunday	November 25, 2018

In addition, at the request of the General Commission on United Methodist Men, all local churches in the North Alabama Conference are asked to recognize **Sunday, February 11, 2018** as **Scout Sunday**. Scouting in the United Methodist Church includes Boy Scouts of America, Camp Fire Boys and Girls, 4-H, and Girl Scouts of the U.S.A. Churches are encouraged to have a special offering for scouting ministries. Receipts from the offering shall be sent to the Conference Treasurer, who will retain 25% for scouting ministries in the annual conference and remit 75% to the General Commission on United Methodist Men for scouting ministries across the United States and around the world.

Report Number 8

In compliance with the 2016 Book of Discipline, paragraph 617.1, the 2016 North Alabama Conference financial schedule is presented below. This schedule is currently being audited by the Certified Public Accounting firm of Kassouf & Co.

NORTH ALABAMA CONFERENCE - UNITED METHODIST CHURCH SCHEDULE OF REVENUES, EXPENDITURES, TRANSFERS AND CHANGES IN FUND BALANCES YEAR ENDED DECEMBER 31, 2016 UNAUDITED

FUND NO.	FUND DESCRIPTION	BALANCE JAN. 1, 2016	REVENUES	EXPENDITURES	BALANCE BEFORE TRANSFERS	TRANSFERS IN (OUT)	BALANCE Dec. 31, 2016
	UNIFIED BUDGET	\$1,013,327.66	\$8,283,498.83	\$8,699,959.82	\$596,866.67	\$117,300.35	\$714,167.02
	OTHER GENERAL CONFERENCE FUNDS	28,383.23	696,649.29	687,085.63	37,946.89	0.00	37,946.89
	SOUTHEASTERN JURISDICTIONAL CONFERENCE	17,479.81	36,540.83	54,020.64	0.00	0.00	0.00
	PARTNERS IN MINISTRY	0.00	383,123.01	383,123.01	0.00	0.00	0.00
	OTHER FUNDS	1,819,993.61	9,169,733.29	9,146,879.24	1,842,847.66	(117,300.35)	1,725,547.31
	GRAND TOTAL	\$2,879,184.31	\$18,569,545.25	\$18,971,068.34	\$2,477,661.22	\$0.00	\$2,477,661.22

SUMMARY:

DETAIL:

	UNIFIED BUDGET	\$0.00	\$1,259,940.22	\$1,476,462.66	(\$216,522.44)	\$216,522.44	\$0.00
	SECTION A - MINISTERIAL SUPPORT	0.00	105,834.72	104,118.12	1,716.60	(1,716.60)	0.00
116	New Church Situations	0.00	239,770.38	353,548.86	(113,778.48)	113,778.48	0.00
122	Equitable Compensation	0.00	273,277.94	325,139.04	48,138.90	51,861.10	100,000.00
126	Mission Church Fund	100,000.00	962,183.17	1,115,011.48	(152,828.31)	152,828.31	0.00
132	Higher Education - Salary Support	0.00	242,615.62	382,306.40	(139,690.78)	139,690.78	0.00
140	District Superintendent Fund						
144	Ordained Ministry						



NORTH ALABAMA CONFERENCE - UNITED METHODIST CHURCH
SCHEDULE OF REVENUES, EXPENDITURES, TRANSFERS AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2016
UNAUDITED

FUND NO.	FUND DESCRIPTION	BALANCE		REVENUES	EXPENDITURES	BALANCE BEFORE TRANSFERS		TRANSFERS IN (OUT)	BALANCE Dec. 31, 2016
		JAN. 1, 2016				TRANSFERS	TRANSFERS		
150	Gen Conf - Episcopal Fund	0.00	449,634.11	449,634.11	0.00	0.00	0.00	0.00	0.00
160	Retiree Moving Expenses	0.00	13,162.83	11,032.49	2,130.34	(2,130.34)	0.00	0.00	0.00
196	Reserve - Section A	385,102.07	324,973.57	0.00	710,075.64	(661,832.51)	48,243.13		48,243.13
TOTAL SECTION A - MINISTERIAL SUPPORT		\$485,102.07	\$3,871,392.56	\$4,217,253.16	\$139,241.47	\$9,001.66	\$148,243.13		
SECTION B - WORLD SERVICE AND CONFERENCE BENEVOLENCES									
202	GCFA - World Service Fund	\$0.00	\$1,334,671.38	\$1,334,671.38	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
204	New and Renewing Communities of Faith	0.00	155,362.97	238,217.85	(82,854.88)	82,854.88	0.00	0.00	0.00
208	Servants Like Jesus	0.00	39,319.37	78,439.73	(39,120.36)	39,120.36	0.00	0.00	0.00
212	Higher Education - Program and Operations	0.00	49,927.79	61,584.33	(11,656.54)	11,656.54	0.00	0.00	0.00
216	Volunteers In Mission	0.00	591.67	0.00	591.67	(591.67)	0.00	0.00	0.00
222	Adult Discipleship Formation	0.00	23,811.24	26,919.50	(3,108.26)	3,108.26	0.00	0.00	0.00
232	Prophetic Ministries	0.00	11,058.01	8,430.35	2,627.66	(2,627.66)	0.00	0.00	0.00
242	Children's Discipleship	0.00	42,871.10	26,745.09	16,126.01	(16,126.01)	0.00	0.00	0.00
246	Evangelism	0.00	945.44	581.57	363.87	(363.87)	0.00	0.00	0.00
250	Ethnic Ministries	0.00	94,714.22	60,973.91	33,740.31	(14,540.31)	19,200.00		19,200.00
256	Lay Ministry	0.00	10,669.20	11,603.72	(934.52)	934.52	0.00	0.00	0.00
260	Church Health	0.00	90,310.92	59,205.77	31,105.15	(31,105.15)	0.00	0.00	0.00
268	Youth Discipleship	0.00	31,848.71	0.00	31,848.71	(31,848.71)	0.00	0.00	0.00
272	Pastoral Care and Counseling	0.00	69,892.82	88,880.04	(18,987.22)	18,987.22	0.00	0.00	0.00
280	Connectional Ministries - Office Administration	0.00	35,387.27	41,845.86	(6,458.59)	6,458.59	0.00	0.00	0.00
290	Connectional Ministries - Personnel	0.00	442,481.23	428,074.64	14,406.59	(14,406.59)	0.00	0.00	0.00
296	Reserve - Section B	180,340.50	97,641.27	0.00	277,981.77	10,824.31	288,806.08		288,806.08
TOTAL SECTION B - WORLD SERVICE AND CONFERENCE BENEVOLENCES		\$180,340.50	\$2,531,504.61	\$2,466,173.74	\$245,671.37	\$62,334.71	\$308,006.08		

NORTH ALABAMA CONFERENCE - UNITED METHODIST CHURCH
SCHEDULE OF REVENUES, EXPENDITURES, TRANSFERS AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2016
UNAUDITED

FUND NO.	FUND DESCRIPTION	BALANCE		EXPENDITURES	BALANCE BEFORE TRANSFERS		TRANSFERS IN (OUT)	BALANCE Dec. 31, 2016
		JAN. 1, 2016	REVENUES		TRANSFERS	TRANSFERS		
SECTION C - MINISTRY ADMINISTRATION								
308	Superannuate Homes	\$51,558.99	\$654,707.18	\$650,922.70	\$55,343.47	\$4,140.01	\$59,483.48	
312	Annual Conference Meeting	0.00	99,856.73	136,783.30	(36,926.57)	36,926.57	0.00	
316	Administrative Services - Treasurer's Office	0.00	280,689.92	366,506.50	(85,816.58)	85,816.58	0.00	
320	Computer Services	0.00	81,257.33	105,215.27	(23,957.94)	23,957.94	0.00	
324	Communications and Public Relations	0.00	157,850.50	192,855.80	(35,005.30)	35,005.30	0.00	
350	United Methodist Center	212,153.93	195,960.74	266,679.34	142,435.33	0.00	142,435.33	
352	Conference Housing	0.00	33,306.68	249.39	33,057.29	(33,057.29)	0.00	
356	Archives and History	0.00	19,032.03	24,167.83	(5,135.80)	5,135.80	0.00	
360	Gen Conf - General Administration Fund	0.00	162,330.96	162,330.96	0.00	0.00	0.00	
364	Gen Conf - Interdenominational Cooperation Fund	0.00	36,118.49	36,118.49	0.00	0.00	0.00	
390	Contingency	0.00	80,892.90	75,703.34	5,189.56	(5,189.56)	0.00	
396	Reserve - Section C	84,172.17	78,598.20	0.00	162,770.37	(106,771.37)	55,999.00	
TOTAL SECTION C - MINISTRY ADMINISTRATION		\$347,885.09	\$1,880,601.66	\$2,016,532.92	\$211,953.83	\$45,963.98	\$257,917.81	
TOTAL UNIFIED BUDGET		\$1,013,327.66	\$8,283,498.83	\$8,699,959.82	\$596,866.67	\$117,300.35	\$714,167.02	
OTHER GENERAL CONFERENCE FUNDS								
401	Gen Conf - Ministerial Education Fund	\$28,383.23	\$456,206.20	\$446,642.54	\$37,946.89	\$0.00	\$37,946.89	
402	Gen Conf - Black College Fund	0.00	180,863.41	180,863.41	0.00	0.00	0.00	
403	Gen Conf - Africa University Fund	0.00	59,579.68	59,579.68	0.00	0.00	0.00	
TOTAL OTHER GENERAL CONFERENCE FUNDS		\$28,383.23	\$696,649.29	\$687,085.63	\$37,946.89	\$0.00	\$37,946.89	

NORTH ALABAMA CONFERENCE - UNITED METHODIST CHURCH
SCHEDULE OF REVENUES, EXPENDITURES, TRANSFERS AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2016
UNAUDITED

FUND NO.	FUND DESCRIPTION	BALANCE	REVENUES	EXPENDITURES	BALANCE BEFORE	TRANSFERS IN (OUT)	BALANCE
		JAN. 1, 2016			TRANSFERS		Dec. 31, 2016
430	SEJ - Mission and Ministry Fund	\$17,479.81	\$36,540.83	\$54,020.64	\$0.00	\$0.00	\$0.00
SOUTHEASTERN JURISDICTIONAL CONFERENCE							
PARTNERS IN MINISTRY							
450	Birmingham-Southern College / Huntingdon College	\$0.00	\$283,332.23	\$283,332.23	\$0.00	\$0.00	\$0.00
454	Methodist Homes for the Aging	0.00	22,594.68	22,594.68	0.00	0.00	0.00
456	United Methodist Children's Home	0.00	27,026.93	27,026.93	0.00	0.00	0.00
458	North Alabama United Methodist Foundation	0.00	21,333.68	21,333.68	0.00	0.00	0.00
460	Sumatanga	0.00	28,835.49	28,835.49	0.00	0.00	0.00
TOTAL PARTNERS IN MINISTRY		\$0.00	\$383,123.01	\$383,123.01	\$0.00	\$0.00	\$0.00
OTHER FUNDS							
510	Health Insurance Program	\$301,637.21	\$3,835,400.03	\$3,878,036.60	\$259,000.64	\$0.00	\$259,000.64
520	District Funds	0.00	364,103.61	364,103.61	0.00	0.00	0.00
522	Servants Like Jesus Mission Fund	194,115.96	34,124.50	8,600.00	219,640.46	(78,439.73)	141,200.73
524	Birmingham-Southern Scholarship Fund	0.00	82,961.00	82,961.00	0.00	0.00	0.00
530	Conference Advance Specials	0.00	95,574.98	95,574.98	0.00	0.00	0.00
532	Sumatanga	0.00	12,442.56	12,442.56	0.00	0.00	0.00
610	General Advance Specials	0.00	137,041.35	137,041.35	0.00	0.00	0.00
640	Gen Conf - Special Sunday Offerings	0.00	14,739.45	14,044.45	695.00	(695.00)	0.00
700	Other Benevolences	57,445.66	226,210.73	22,230.53	261,425.86	0.00	261,425.86
708	Board of Pension and Health Benefits	282,697.75	3,990,341.79	4,001,387.68	271,651.86	0.00	271,651.86
724	Strengthening the Black Church	0.00	0.00	600.00	(600.00)	600.00	0.00
730	Chrysalis	23,099.94	23,348.78	18,860.25	27,588.47	0.00	27,588.47
732	Connectional Ministries - Equipment Reserve	12,425.30	0.00	0.00	12,425.30	0.00	12,425.30
734	Council on Youth Ministries	0.00	18,271.05	47,807.24	(29,536.19)	29,536.19	0.00
736	ALUMAP	256.42	0.00	0.00	256.42	0.00	256.42
740	NAC - Native Americans	4,986.71	0.00	0.00	4,986.71	374.50	5,361.21
742	NAC - Peace with Justice	488.74	0.00	0.00	488.74	145.50	634.24

NORTH ALABAMA CONFERENCE - UNITED METHODIST CHURCH
SCHEDULE OF REVENUES, EXPENDITURES, TRANSFERS AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2016
UNAUDITED

FUND NO.	FUND DESCRIPTION	BALANCE	REVENUES	EXPENDITURES	BALANCE BEFORE TRANSFERS		TRANSFERS IN (OUT)	BALANCE Dec. 31, 2016
		JAN. 1, 2016			TRANSFERS	TRANSFERS		
744	NAC - Scouting	0.00	0.00	95.00	(95.00)	95.00	0.00	0.00
754	Episcopal Office - Operations	0.00	91,840.04	87,954.90	3,885.14	(3,885.14)	0.00	0.00
758	Episcopal Office - Housing	18,081.58	16,583.28	13,720.00	20,944.86	0.00	0.00	20,944.86
764	Episcopal Office - Sustentation Fund	6,830.60	0.00	0.00	6,830.60	0.00	0.00	6,830.60
768	Episcopal Office - Special Initiatives	0.00	252.00	10,599.78	(10,347.78)	10,347.78	0.00	0.00
780	Congreg Development - Grant Fund	0.00	7,021.00	0.00	7,021.00	(7,021.00)	0.00	0.00
784	Congreg Development - New Church Builders' Club	14,710.68	3,646.25	5,000.00	13,356.93	0.00	0.00	13,356.93
786	Congreg Development - New Communities of Faith	70,378.75	81,771.85	118,905.53	33,245.07	4,094.32	0.00	37,339.39
800	Committed Interest Income	0.00	11.94	7,120.86	(7,108.92)	7,108.92	0.00	0.00
814	Admin Services - Equip/Computer Support	94,520.30	0.00	0.00	94,520.30	(3,266.69)	0.00	91,253.61
844	Alabama Ministerial Course of Study School	29,774.08	44,425.00	60,206.30	13,992.78	21,250.00	0.00	35,242.78
846	Eunice Stephens Endowment	453,165.94	1,250.00	1,571.28	452,844.66	(222,625.00)	0.00	230,219.66
848	Designated Gift Fund	16,349.00	0.00	12,159.00	4,190.00	0.00	0.00	4,190.00
852	No More Malaria Fund	17,716.80	69,823.60	74,461.40	13,079.00	0.00	0.00	13,079.00
856	Ministry with the Poor	7,496.94	263.00	3,830.52	3,929.42	0.00	0.00	3,929.42
882	Volunteers in Mission	1,178.69	3,037.15	627.90	3,587.94	80.00	0.00	3,667.94
892	Strategic Plan for Hispanic Ministry	1,169.00	0.00	0.00	1,169.00	0.00	0.00	1,169.00
896	Disability Ministry	13,374.92	268.00	2,000.00	11,642.92	0.00	0.00	11,642.92
904	CF - Permanent Stabilization Fund	921,523.51	0.00	0.00	921,523.51	(100,000.00)	0.00	821,523.51
908	CF - Reserve for Computer Hardware/Software	21,829.03	0.00	0.00	21,829.03	0.00	0.00	21,829.03
916	Birmingham Southern College Gift	(700,000.00)	0.00	0.00	(700,000.00)	200,000.00	0.00	(500,000.00)
924	New United Methodist Center	(189,675.94)	0.00	0.00	(189,675.94)	25,000.00	0.00	(164,675.94)
928	Clergy Memorial Chapel	3,050.00	0.00	0.00	3,050.00	0.00	0.00	3,050.00
974	Annual Conference Offering	8,897.84	7,754.41	6,112.14	10,540.11	0.00	0.00	10,540.11
976	Belarus Ministry	877.18	0.00	0.00	877.18	0.00	0.00	877.18
978	Camp Wesley	1,035.95	0.00	0.00	1,035.95	0.00	0.00	1,035.95
980	Methodist Center - Coffee Fund	1,705.36	4,425.00	4,571.32	1,559.04	0.00	0.00	1,559.04
982	Methodist Center - Hospitality Fund	2,982.23	715.56	551.72	3,146.07	0.00	0.00	3,146.07
984	Area Disaster Relief	125,867.48	2,085.38	53,701.34	74,251.52	0.00	0.00	74,251.52
TOTAL OTHER FUNDS		\$1,819,993.61	\$9,169,733.29	\$9,146,879.24	\$1,842,847.66	(\$117,300.35)		\$1,725,547.31



Board of Pension and Health Benefits

Report Number 1: Retiree Access to Health Insurance in 2018

Clergypersons and spouses under age 65 at the time of retirement may each remain in *HealthFlex* (the Conference's regular group health insurance plan) until the 1st day of the month he or she turns age 65, provided that he or she has *at least 15 years of eligible full-time service in the North Alabama Conference prior to retirement*, and the spouse has been married to the retired clergyperson for *at least 15 years during the retiree's eligible full-time service in North Alabama*, respectively.

At age 65, a retired clergyperson's participation in *HealthFlex* terminates and he or she is given the opportunity to enroll in BlueCross BlueShield of Alabama's *C Plus*, a Medicare supplemental group insurance plan. The retired clergyperson's spouse may remain in *HealthFlex* until the 1st day of the month he or she turns age 65, at which time he or she will also have the option of enrolling in *C Plus*.

To qualify for *C Plus*, a person must be eligible and enrolled in both Part A and Part B of Medicare. *A person may enroll in Medicare beginning three months before the month in which he or she turns age 65.* (Medicare enrollees should look for two effective dates on their red, white, and blue Medicare health insurance card, one for Part A and one for Part B. If there are not two effective dates of coverage listed, the enrollee should contact the local Social Security office before applying for *C Plus*.)

Persons may obtain a *C Plus* application from the Health Insurance Benefits Coordinator in the Conference Treasurer's Office. This form should be completed and returned as soon as he or she receives a Medicare health insurance card.

Retired clergypersons and their spouses are responsible for the entire cost of *HealthFlex* or *C Plus* premiums. The Conference Treasurer's Office will notify the General Board of Pension and Health Benefits to withhold the applicable health insurance premium from the retiree's monthly pension annuity.

Report Number 2: 2018 Supplemental Retiree Grants

In 2018, retired clergypersons age 65 or older, with at least 15 years of eligible full-time service, shall receive a grant in the amount of **\$70.00 per month** to provide supplemental funding for retiree living expenses. A second supplemental grant in the amount of **\$70.00 per month** shall be paid to retired clergypersons in 2018 on behalf of his or her spouse (or to a clergyperson's surviving spouse) if the spouse is age 65 or older and was married to the retired clergyperson for at least 15 years of the retiree's eligible full-time service.

The supplemental retiree grants are authorized for 2018 only and may not be provided in future years. Funding for the 2018 grants will be provided by the North Alabama Conference Board of Pension and Health Benefits' (the Board's) reserve funds. The Board's reserve funds may not be able to provide funding for these grants in whole or part in years after 2018. Accordingly, in years after 2018, the supplemental grants, if

authorized, may require funding in whole or part by the North Alabama Conference's annual budget.

The supplemental retiree grants are disbursed by the General Board of Pension and Health Benefits and subject to its administrative practices, unless the retiree or surviving spouse has requested the grant be applied to the cost of BlueCross BlueShield of Alabama's *C Plus*, a Medicare supplemental group insurance plan. Retirees should consult with their tax advisor concerning the taxability of the supplemental retiree grants.

Report Number 3: 2018 Rental/Housing Allowance Resolution

Resolution to Designate Rental/Housing Allowances for Retired or Disabled Ministers of the North Alabama Conference

WHEREAS, the religious denomination known as The United Methodist Church has and functions through Ministers of the Gospel who are duly ordained or licensed; and

WHEREAS, the practice of the United Methodist Church is to provide a parsonage or a rental/housing allowance as part of the gross compensation for each of its active ordained or licensed ministers; and

WHEREAS, pension and disability payments to retired and disabled ordained or licensed ministers of The United Methodist Church are considered deferred compensation and are paid to said retired and disabled ordained or licensed ministers in consideration of previous, active service; and

WHEREAS, the Internal Revenue Service has recognized that the North Alabama Conference is the appropriate organization to designate a rental/housing allowance for retired and disabled ordained licensed ministers who are members of this Conference;

NOW THEREFORE BE IT RESOLVED;

1. An amount equal to 100% of the pension or disability payments received during 2018 be and is hereby designated as a rental/housing allowance for each retired and disabled ordained or licensed minister of The United Methodist Church who is or was a member of the North Alabama Conference at the time of his or her retirement or disability.
2. This rental/housing allowance shall apply to each retired and disabled ordained or licensed minister who has been granted the retired relation or placed on disability leave by the North Alabama Conference and whose name and relationship to the conference is recorded in the Journal of the North Alabama Conference and in other appropriate records maintained by the conference.
3. The pension or disability payment to which this rental/housing allowance applies shall be the pension or disability payment resulting from all service of such retired and disabled ordained or licensed minister from all

employment by any local church, Annual Conference, General Agency, or institution of The United Methodist Church or any former denomination that is now a part of The United Methodist Church, or from any other employer who employed the minister to perform services related to the ministry and who elected to make contributions to the pension and disability funds of The United Methodist Church for such retired or disabled minister's pension.

NOTE: The rental/housing allowance which may be excluded from a minister's gross income is limited to the **lesser of** (1) the amount of the rental/housing allowance designated by the minister's employer or other appropriate body, (2) the amount actually expended by the minister to provide his or her housing, or (3) the legally-determined fair rental value of the parsonage or other housing provided. As specified in Rev. Rul. 71-290, C.B. 92, "the only amount that will qualify for exclusion under section 107(2) of the Code as a "rental allowance" is an amount equal to the fair rental value of the home, including furnishings and appurtenances such as a garage, plus the cost of utilities."

Report Number 4: 2018 Past Service Rates for Pre-1982 Service

Effective January 1, 2018, the annuity rates for service years rendered prior to January 1, 1982 shall be as follows:

- **\$719.00** per full-time service year of eligible clergy.
- **\$503.30** per full-time service year for **surviving spouses** of eligible clergy.
- **\$179.75** per full-time service year for **surviving dependent children** of eligible clergy.

Report Number 5: 2018 Disability/Death Benefits

Disability/death benefits are provided to eligible clergy and their surviving spouses and children by the *Comprehensive Protection Plan*.

Disability Benefits

The disability benefit is 70% of plan compensation, not to exceed 200% of the Denominational Average Compensation, reduced dollar-for-dollar by any disability benefits received from the Social Security Administration.

Death Benefits

For active participants, the following death benefits are effective January 1, 2018:

- Active Clergy Death Benefit \$50,000

- Spouse Death Benefit \$14,041
- Child Death Benefit \$ 7,021

For participants that retired *before January 1, 2013*, the following death benefits are effective January 1, 2018:

- Retired Clergy Death Benefit \$21,061
- Spouse Death Benefit \$14,041
- Child Death Benefit \$ 7021
- Surviving Spouse Death Benefit \$10,531
- Surviving Child's Benefit
 - Under age 18 \$ 7,021
 - Age 18-25 (enrolled in secondary school or beyond) \$14,041

For participants that retired *January 1, 2013 or later*, the following death benefits are effective January 1, 2018:

- Retired Clergy Death Benefit \$20,400
- Spouse Death Benefit \$15,300
- Child Death Benefit \$ 8,160
- Surviving Spouse Death Benefit \$10,200
- Surviving Child's Benefit
 - Under age 18 \$ 7,021
 - Age 18-25 (enrolled in secondary school or beyond) \$14,041



Board of Pension and Health Benefits

Report Number 6: 2018 Disability/Death Benefits Premiums

The *Comprehensive Protection Plan (CPP)* provides disability/death benefits to eligible pastors. The Conference's cost for benefits provided by *CPP* is based on 3.0% of a participant's plan compensation not to exceed 200% of the Denominational Average Compensation.

The Conference Board of Pension and Health Benefits (the Board) is pleased to recommend no increase in the *CPP* local church premium rate in 2018. The recommended rate in 2018 is **\$50 per month**, or **\$600 per year**, for each participant. The rate of \$50 per year in 2018, and 2017, is a reduction from the previous rate of \$174 per month, or \$2,088 per year, during the period 2009 – 2016. The excess of the cost of *CPP* benefits over premiums paid by local churches will be funded by the Board's reserve funds. *The Board has not determined if the lower rate in 2018 and 2017 will continue in years after 2018.*



Board of Pension and Health Benefits

Report Number 7: *HealthFlex* in 2016

HealthFlex is an integrated, wellness-driven health program administered by the General Board of Pension and Health Benefits of the United Methodist Church (the General Board). *HealthFlex* provides medical, prescription drug, mental and behavioral health, dental, vision, and wellness benefits to our participants and enrolled dependents. The North Alabama Conference has been a *HealthFlex* plan sponsor since 2006.


Highlights of the 2016 plan year for the North Alabama Conference are as follows:

- Demographics at December 31, 2016
 - 325 participants
 - 129 spouses
 - 190 dependent children
 - Average participant age: 50.9 (PPO B1000)
- Medical claims (all plans) paid by the plan totaled \$1,753,488 in 2016 compared with \$1,613,922 in 2015, an increase of 8.65%. Prescription drug claims totaled \$871,712 in 2016 compared with \$921,425 in 2015, a decrease of 5.4%. **Total claims (all plans) were \$2,625,160 in 2016 compared with \$2,535,347 in 2015, an increase of 3.55%.**
- PPO out-of-pocket medical costs were 24% of medical claims in 2016 and 23% of medical claims in 2015.
- PPO medical claims greater than \$50,000 totaled \$756,301 and were 24% of total PPO medical claims in 2016 compared with \$385,048 and 12.4% in 2015.
- The top major diagnostic categories by allowable expense (percent) in 2015 were musculoskeletal and connective tissue (22%), circulatory system (25%), digestive system (18%), kidney and urinary tract (4%), endocrine (9%), nervous system (5%), and other (17%).
- The Conference's average annual per-member cost for prescription drugs was \$1,353 in 2016 compared with \$1,379 in 2015, a decrease of 1.89%. The top five prescription drugs based on claims paid were Harvoni, Tecfidera, Humira Pen, Hizentra, and Firazyr.
- *HealthFlex* premiums paid to the General Board totaled \$3,801,024 in 2016 and \$3,994,179 in 2015.
- The health insurance reserve fund had a balance at December 31, 2016 of \$3,919,674 (unaudited) and is primarily invested at the General Board.
- Health insurance reserve funds invested at the General Board incurred an unrealized *gain* of \$ 202,264 in 2016 and an unrealized *loss* of \$66,548 in 2015

- The collection rate for health insurance premiums paid by local churches was 97.13% in 2016 compared with 97.73% in 2015. *Any unpaid premiums since 2007 remain due and payable by local churches.*
- The Conference received a *HealthFlex* performance dividend of \$1,180,976 in March, 2016 for having an underwriting surplus contribution for the two year period January 1, 2014 – December 31, 2015.

2016 *HealthFlex* Wellness Incentive Program – Results

- 87% of participants and spouses, or 389 persons, were enrolled in the *Virgin HealthMiles* walking program in 2016 compared with 79%, or 356 persons in 2015.
- 83% of participants and spouses, or 356 persons, completed the *HealthQuotient* personal health risk assessment in 2016 compared with 86%, or 369 persons in 2015.
- 76% of participants and spouses, or 343 persons completed the *Blueprint for Wellness* health screening in 2016 compared with 70%, or 324 persons, in 2015. Participants and spouses who completed the health screening in 2016 received \$100 each from the Conference. Incentives paid by the Conference for completing the health screening totaled \$32,400 in 2016.



Board of Pension and Health Benefits

Report Number 8: 2018 Health Insurance Premiums

The Conference Board of Pension and Health Benefits (the Board) recommends a 6% increase in local church health insurance premiums, effective January 1, 2018, as follows:

- \$740/month for individual coverage. Individual coverage is mandatory for full-time clergy.
- \$740/month for dependent coverage.
- \$1,480/month for family (individual and dependent) coverage.

Health insurance premiums have been level for seven years, from 2011 through 2017. The Board appreciates each participant's good stewardship in the utilization of health care benefits provided by *HealthFlex*.

Board of Pension and Health Benefits



Report Number 9: *HealthFlex Exchange* in 2018

The North Alabama Conference became a plan sponsor in *HealthFlex Exchange*, effective January 1, 2016.

Understanding *HealthFlex Exchange*

HealthFlex Exchange is a plan selection model offering *HealthFlex* participants a choice of six *HealthFlex* medical plans, each coupled with one of five pharmacy plans. The *Exchange* provides participants improved engagement, consumerism, and accountability.

Participants receive a *defined contribution* credit toward the cost of the plan selected by the participant. Defined contribution amounts provided by the Conference which exceed the total cost of the plan selected will be credited to a participant health reimbursement account (HRA) or health savings account (HSA), depending on the plan selected. Defined contributions will be funded by health insurance premiums paid by local churches and the health insurance reserve fund.

HealthFlex Exchange provides the Conference an opportunity to stabilize health insurance costs while providing participants with the same carriers, networks, wellness programs, and incentives available in all six *HealthFlex* plans. In addition, the *Exchange* offers coverage to participants that best fits their individual health needs and personal risk tolerance for unplanned expenses, and continues to provide the same underlying risk management and premium rating methodology, customer service, and administrative support unique to *HealthFlex*.

As part of the *HealthFlex* group plan, *HealthFlex Exchange* limits disruption to participants compared with other alternatives such as individual insurance through the private market or the Federal health insurance exchange established under the Affordable Care Act. *HealthFlex Exchange* is offered exclusively to United Methodist Church plan sponsors and participants.

***HealthFlex Exchange* Plan Designs**

Participants may select from six plans, including three gold plans (more generous) and two silver plans (less generous), and one bronze plan (least generous) as follows:

- Gold. Preferred Provider (PPO) **B1000** medical plan with a \$1,000/\$2,000 individual/family deductible, coinsurance of 80%/20%, and some co-payments. **P1 pharmacy plan** with co-payments and co-insurance. Combined out-of-pocket maximum. This is the most generous plan offered by *HealthFlex*.
- Gold. Consumer Driven Health Plan (CDHP) **C2000** medical plan with a \$1,000/\$2,000 individual/family HRA, a \$2,000/\$4,000 individual/family deductible, and co-insurance of 80%/20%. **P2 pharmacy plan** with co-payments and co-insurance. Combined out-of-pocket maximum.
- Gold. High Deductible Health Plan (HDHP) **H1500** medical plan with a \$750/\$1,500 individual/family HSA, a \$1,500/\$3,000 individual/family deductible, and co-insurance

of 80%/20%. **P3 pharmacy plan** with \$1,500 deductible combined with medical. Combined out-of-pocket maximum. After deductible, P3 pharmacy plan is similar to P2.

- Silver. High Deductible Health Plan (HDHP) **H2000** medical plan with a \$500/\$1,000 individual/family HSA, a \$2,000/\$4,000 individual/family deductible, and co-insurance of 70%/30%. **P4 pharmacy plan** with \$2,000 deductible combined with medical. Combined out-of-pocket maximum. After deductible, P4 pharmacy plan is similar to P2.
- Silver. Consumer Driven Health Plan (CDHP) **C3000** medical plan with a \$250/\$500 individual/family HRA, a \$3,000/\$6,000 individual/family deductible, and co-insurance of 50%/50%. **P2 pharmacy plan**. Combined out-of-pocket maximum.
- Bronze. High Deductible Health Plan (HDHP) **H3000** medical plan with HSA (no plan funding), a \$3,000/\$6,000 individual/family deductible, and co-insurance of 40%/60%. **P5 pharmacy plan**.

Each major medical plan provides participants an opportunity to choose from three dental plans and two vision plans.

HealthFlex Exchange Defined Contributions

The defined contribution is a key component of *HealthFlex Exchange*. A defined contribution is a fixed amount the Conference provides as a credit toward the cost of the plan selected. The defined contribution amounts for 2018 will be as follows:

- \$732/month (\$8,784/year) for participants with individual coverage.
- \$1,480/month (\$17,760/year) for participants with one dependent.
- \$1,876/month (\$22,512/year) for participants with two or more dependents.

The defined contribution amounts exceed the *HealthFlex* cost of coverage for the B1000 medical plan (with P1 pharmacy and traditional dental) by \$50/month (\$600/year) regardless of coverage selected, including individual coverage, participants with one dependent, and participants with two or more dependents.

For any participant who selects a plan other than the B1000 plan (with P1 pharmacy and traditional dental), the excess defined contribution for individual coverage increases from \$50/month to \$211/month for individual coverage, \$391/month for participants with one dependent, and \$481/month for participants with two or more dependents in the new bronze HDHP H3000 plan. Excess defined contribution amounts will be applied to an HRA or HSA, depending on the plan selected.

The Conference Board of Pension and Health Benefits anticipates using \$390,000 from the health insurance reserve fund to cover plan costs in excess of local church health insurance premiums in 2018.

Board of Pension and Health Benefits

Report Number 10: Clergy Retirement Security Program

Clergy Retirement Security Program (CRSP) is a retirement program for eligible clergy that offers defined benefit income and a defined contributions account.

Effective January 1, 2014:

- *CRSP includes a defined benefit component (1.00% of Denominational Average Compensation per year of service), a defined contribution non-matching component (2% of participant plan compensation), and a defined contribution matching component (100% of a participant's United Methodist Personal Investment Plan contribution not exceeding 1% of participant plan compensation).*
- *CRSP provides benefits to clergy serving full-time appointments. In addition, the North Alabama Conference has elected to provide benefits under CRSP to clergy serving three-quarters time and half-time appointments.*
- *Clergy serving less than half-time appointments are not eligible for CRSP benefits. However, churches that provide a United Methodist Personal Investment Plan employer contribution of up to 2% (3% if clergy person makes a personal contribution up to 1%) for pastors serving a less than half-time appointment are eligible for reimbursement for this expense on an annual basis from the Conference.*

The cost for the defined benefit component of *CRSP* is actuarially determined by the General Board of Pension and Health Benefits. In any year, the total cost of *CRSP* may also include required funding amounts for pre-1982 service and certain *Ministerial Pension Plan (MPP)* annuities. *MPP* provides pension benefits for service rendered during the period 1982-2006.

Allocation of *CRSP* Funding to Local Churches

The Conference Board of Pension and Health Benefits (the Board) studied alternative methods for allocating pension cost to local churches for several years prior to 2014. The formula used to allocate pension cost from 2007 through 2013 was primarily based on a local church's financial strength. Thus, larger churches paid proportionally more for pension benefits and smaller churches received a proportionally lower cost, without regard to a specific pastor's true pension cost for a given year.

The following changes to the historical formula for allocating pension cost to local churches were approved by Annual Conference in 2014, effective January 1, 2015:

- 50% of pension funding will be allocated to local churches using a formula based on local church membership (25%) and local church expenditures for compensation, program, and operations (75%), and
- 50% of pension funding will be allocated to local churches based on the average cost per full-time equivalent (FTE) clergy serving each local church, with no minimum FTE requirement for each local church.
- The effect of increases in local church pension allocations due to the formula change will be phased in ratably over a period of ten years, from 2015 through 2024.
- Churches will be responsible for an additional 10% of any increase related to the change in the pension funding formula each year beginning in 2015 and continuing through 2024, when churches will be responsible for 100% of their pension funding allocation.
- The decreasing reductions in pension funding will be paid by pension reserve funds each year through 2024. The funding provided by pension reserve funds was \$426,682, \$387,647, and \$333,587 in 2015, 2016, and 2017 respectively. The Board anticipates additional draws on reserve funds totaling \$1,033,109 for the years 2018 – 2024.

Board of Pension and Health Benefits

Report Number 11: 2018 Budget



DESCRIPTION	2018	2017	\$ CHANGE	% CHANGE
EXPENSES				
Program:				
Clergy Retirement Security Program (CRSP) - Defined Benefit	\$2,277,288	\$2,313,543	(\$36,255)	-1.57%
Clergy Retirement Security Program (CRSP) - 2% Defined Contribution	575,000	565,000	10,000	1.77%
Clergy Retirement Security Program (CRSP) - Defined Contribution - 1% Matching	215,000	210,000	5,000	2.38%
Ministerial Pension Plan (MPP) Annuities	0	0	0	
Pre-1982 Service	0	0	0	
Comprehensive Protection Plan (CPP)	760,000	750,000	10,000	1.33%
Retiree Moving Expenses	15,000	0	15,000	
Emergency Relief Fund	3,000	3,000	0	0.00%
Supplemental Retiree Grants	340,000	340,000	0	0.00%
Lay Retiree Death Benefits	19,500	17,000	2,500	14.71%
Young Clergy Benefits Conference	3,000	3,000	0	0.00%
Total Program Expenses	4,204,788	4,198,543	6,245	0.15%
Operating:				
Retirement Seminar	500	500	0	0.00%
Educational Programs	500	500	0	0.00%
Board Meetings	500	500	0	0.00%
Committee Meetings	100	100	0	0.00%
Postage	250	250	0	0.00%
Printing	250	250	0	0.00%
Telephone	100	100	0	0.00%
Travel	3,000	3,000	0	0.00%
Professional Memberships	200	200	0	0.00%
Legal Expenses	500	500	0	0.00%
Miscellaneous	500	500	0	0.00%
Administrative Staff	31,500	31,500	0	0.00%
Benefit Officer Salary	56,830	53,980	2,850	5.28%
Total Operating Expenses	94,730	91,880	2,850	3.10%
TOTAL EXPENSES	\$4,299,518	\$4,290,423	\$9,095	0.21%
SOURCES OF FUNDING				
Amounts Invoiced Directly to Local Churches or Extension Ministries				
CRSP - DB	\$2,277,288	\$2,313,543	(\$36,255)	-1.57%
CRSP - DC (2% plus match)	790,000	775,000	15,000	1.94%
CPP	222,000	222,000	0	0.00%
Allowance for Unpaid Invoices (4%)	(132,000)	(119,000)	(13,000)	10.92%
Adjustment for Change in Pension Funding Methodology	(290,140)	(332,740)	42,600	-12.80%
CPP Contribution Waiver	760,000	0	760,000	
	<u>3,627,148</u>	<u>2,858,803</u>	<u>768,345</u>	<u>26.88%</u>
Conference Budget Receipts (Section A - Ministerial Support)	0	0	0	
Less: Allowance	0	0	0	
Board of Pension and Health Benefits Reserve Funds*	672,370	1,431,620	(759,250)	-53.03%
TOTAL FUNDING	\$4,299,518	\$4,290,423	\$9,095	0.21%

* Reserve funds total \$5,499,889 (unaudited) at December 31, 2016. The Conference Board of Pension and Health Benefits anticipates additional annual draws on reserve funds, including a total of \$649,240 during the period 2019 - 2024 due to the ongoing implementation of the change in pension funding methodology.

Board of Pension and Health Benefits**Report Number 12: 2018 Comprehensive Benefit Funding Plan**

The 2016 *Book of Discipline* (§ 1506.6) requires each annual conference to develop, adopt, and implement a formal comprehensive benefit funding plan for all of its benefit obligations. The funding plan is submitted annually to Wespath (formerly the General Board of Pension and Health Benefits) for review. The funding plan is approved by the Conference Board of Pension and Health Benefits after receiving and including in the plan a favorable written opinion from Wespath. A copy of the approved 2018 Comprehensive Benefit Funding plan is available from the Conference Treasurer's office.



BOARD OF TRUSTEES

This report is provided in accordance with ¶2512.6 in *The Book of Discipline of The United Methodist Church – 2016*.

Funds maintained by the Board of Trustees had the following activity and fund balances (unaudited) for the year ended December 31, 2016:

Fund 350 – United Methodist Center (Operations)

Balance Forward, January 1, 2016	\$212,153.93
Revenues (Receipts)	195,960.74
Expenditures (Disbursements)	<u>(265,679.34)</u>
Fund Balance, December 31, 2016	<u>\$142,435.33</u>

Fund 758 – Episcopal Office – Housing

Balance Forward, January 1, 2016	\$18,081.58
Revenues (Receipts)	16,583.28
Expenditures (Disbursements)	<u>(13,720.00)</u>
Fund Balance, December 31, 2016	<u>\$20,944.86</u>

Fund 924 – New United Methodist Center

Balance Forward, January 1, 2016	(\$189,675.94)
Revenues (Receipts)	0.00
Expenditures (Disbursements)	0.00
Transfers	<u>25,000.00</u>
Fund Balance, December 31, 2016	<u>(\$164,675.94)</u>

The outstanding internal indebtedness on the United Methodist Center building was \$164,675.94 and \$189,675.94 at December 31, 2016 and December 31, 2015, respectively.

All property of the Conference, including the United Methodist Center building and the Episcopal residence, is in good condition and adequately insured.

Harlan Prater, IV
President