

Baker Memorial United Methodist Church

Church Council Meeting Revised Agenda
September 21, 2006 at 7:00 p.m. in the Wiley Hall

Baker Memorial United Methodist Church is a welcoming Community of Faith empowered by the Holy Spirit. We seek to Glorify God by:

- *celebrating His gifts,*
- *helping each other become disciples of Jesus Christ, and*
- *servicing His people and Kingdom in Christian Love.*

- I. **Welcome**
- II. **Devotions**
- III. **Presentation of the Minutes of the meeting of August 17, 2006**
- IV. **Laity Accomplishments** Mark Armstrong for Rick Carlson
- V. **Discussion regarding Coffee Fellowship Hour Volunteers** *Jean Cole*
- VI. **Discussion regarding the Church Fire Drill** *Pastor Ronni Verboom*
- VII. **Discussion regarding Emergency Preparedness** *Gina Armstrong*
- VIII. **Discussion regarding the Establishment of an All-Church Accountant Position** *Biff Staples*
- IX. **Discussion regarding the 2007 Budget** *Biff Staples*
- X. **Additional items from council members, parishioners, and others in attendance**
- XI. **Review of Action Items**
 1. Selecting a council member to present a devotion at the October meeting
 2. Mission Statements due at October meeting
 3. Annual reports are due by October 23
 4. Other action items from this meeting
- XII. **Church Council meeting announcements**
 1. Thursday, October 19, 2006 at 7:00 p.m. in Wiley Hall
 2. Thursday, November 16, 2006 at 7:00 p.m. in Wiley Hall
 3. Charge Conference: Thursday, November 2 (Feast of All Souls)

XIII. **Sharing Joys and Concerns**

XIV. **Closing Prayer**

Adjournment by 9:00 p.m.

All Church Accountant:**Endowment Board Feedback & Comments
9/20/06****Endowment Board Background:**

The Endowment Board (the board) is governed by its Board of Directors and functions as a supporting entity for BMUMC. When established on September 15, 2003 by the church charge conference, we considered the creation of a foundation as an alternative organizational structure, but the costs and government reporting requirements would have been greater. At that time we also tasked the Finance Committee with the annual audit responsibility for the endowment. Since then, there is a growing sentiment on the Endowment Board that it (the board) should secure its own independent audit and produce an audited financial statement periodically. There is present support on the board for having a CPA audit performed no less than every third year, but no action has been taken in that regard. There is also sentiment on the board that a professional third party financial and administrative audit of the entire church operations should be conducted now and at least every third year.

All assets of the Endowment are maintained at Trust Company of Illinois (TCI) and TCI and it essentially performs the accounting function for the Endowment and produces quarterly statements. Monthly statements can be delivered by TCI, but that could possibly alter our fee structure. The Endowment Fund does not currently maintain a checking account per se. Contributions to specific endowment accounts including the working memorials fund sometimes accumulate in the BMUMC's operating funds/checking account at Valley Community Bank prior to transfer to the Endowment. Contributions to the Endowment Fund via check or "in-kind" contribution of securities can also be made directly to our TCI account. Record of giving reports, donor recognition, confidentiality and thank you letters are needed and require some coordination between the Endowment Board and church staff.

Annual distributions from the Endowment Fund to the operating funds or "budget" can be sent by either wire transfer or check from TCI to Valley Community Bank. The annual distributions from the different endowment funds will typically occur in the second quarter, however, "permanent building fund" distributions occur monthly to the trustee's checking account to ensure that funds are always available to make the trustee's mortgage payment. The Endowment Board may approve annual distributions of up to 4% of the prior three year average ending balances for each endowment fund (e.g. music, missions, education, building, scholarship, church staff, memorial, and general endowment). This year (2006) those distributions will total over \$33,000. They could possibly exceed \$37,000 in 2007.

All church accountant position:

Clearly, someone needs to be responsible for the church accounting. How much accounting needs to be done and at what point diminishing returns sets in on this process will be discovered over time. Having more numbers can sometimes confuse more people. Forcing our operations into canned software programs can result in a "garbage out" reports that can't be explained or understood and may even cost more money to fix, so it's good to begin with an "end- in-mind". A consolidated financial statement will be nice to have at least annually, but it alone will not put more people in the pews at 10:30 each Sunday. We've talked a lot about silos lately, but when it comes to knocking things down, the greatest financial opportunity or need is to knock down those barriers to the growth of our active, pledging, and tithing membership, whether those limitations be parking, programming and music for a second or third service, evangelism, etc. so that we can pay for and expand our mission. These issues can't be delegated to an all church accountant, but good numbers and management information could help us gain a better focus. We could well

spend or invest (if you prefer) between \$800,000 and \$900,000 on missions, manpower and maintenance in 2007. Our endowment funds are now in excess of \$950,000 and probably need to be \$4 to \$5 million to really ensure our long term goals and missions. Yes, we need good accounting and audits. If this proposed change will help us get to the promised land of greater financial abundance by allowing and empowering all leaders and members to assume ownership of the BMUMC mission, the Endowment Board supports it.

Duties – suggested edits and additional comments:

- Should have responsibility for proper tax reporting including payroll taxes and unrelated business income (UBI) tax. The farmer's market and certain rental income may qualify.
- The accountant need not give investment advice. The finance committee and endowment board should have that responsibility for their respective accounts.
- The accountant should not be in control of the audit function as implied by the initial proposals for this position. The acc
- Should be responsive to the management information needs of the finance committee in terms of monthly reporting.

Accountability:

1 Any church accountant or treasurer position should be subject to periodic audit and not be the person controlling the process.

2 The treasurer and church staff should probably not make exceptions to the monthly payment of apportionments without the consent of the finance committee. Paying ahead or falling behind should not come as a surprise to the finance committee at its monthly meetings.

3 Other protocols need to be established for the receipt and transfer of funds as well as approval of expenses to avoid conflicts between our functional groups. Subjective decisions need to be minimized. Trustee and Endowment participation is called for as we finalize the processes and protocols.

4 Should there be an outside activity disclosure requirement for persons handling funds or doing our accounting?

Other issues, concerns and comments:

1. Proper handling and processing of incoming funds: operating vs. endowment or trustee accounts.

2. Who will code and approve bills for payment.

3. Who signs the checks? Two signatures? Can a member or spouse of a committee chair or member who votes to spend funds also be the person signing a check? NOT!

4. Transparency. Is all income being reported as income? Is any income being buried as a negative expense? What controls are in place to avoid loss of income received as cash. What changes would a church accounting professional suggest?

5. Ongoing disclosure of any conflicts of interest.

6. Do we need to consider a money market account for operations to keep seasonal operating balances working harder.

7. Are treasurer and accounting positions subject to term limits?

8. Will term limits on committee members and chairs be maintained and enforced in the future?

The Book of Discipline of The United Methodist Church, 2004

Text relevant to the office of Church Treasurer

¶ 249. *Election of Leaders*—**The charge conference, or church conference authorized by the district superintendent, shall elect** upon recommendation by the committee on lay leadership of each local church on the pastoral charge, or by nomination from the floor and by vote of each such local church, at least the following leaders for the four basic responsibilities (¶ 244):

1. Chairperson of the church council.
2. The committee on lay leadership.
3. The committee on pastor-parish relations and its chairperson.
4. A chairperson and additional members of the committee on finance; **the financial secretary and the church treasurer(s) if not paid employees of the local church**; and the trustees as provided in ¶¶ 2525-2527, unless otherwise required by state law.
5. The lay member(s) of the annual conference and lay leader(s).
6. A recording secretary (*see* ¶ 247.4).
7. Special attention shall be given to the inclusion of women, men, youth, young adults, persons over sixty-five years of age, persons with disabilities, and racial and ethnic persons.
8. **All local church offices and all chairs of organizations within the local church may be shared between two persons, with the following exceptions:** trustee, officers of the board of trustees, **treasurer**, lay member of annual conference, member and chairperson of the committee on staff- or pastor-parish relations. When two persons jointly hold a position that entails membership on the church council, both may be members of it.

¶ 259. 4. **There shall be a committee on finance**, elected annually by the charge conference upon recommendation by the committee on lay leadership or from the floor, **composed of** the chairperson; the pastor(s); a lay member of the annual conference; the chairperson of the church council; the chairperson or representative of the committee on pastor-parish relations; a representative of the trustees to be selected by the trustees; the chairperson of the ministry group on stewardship; the lay leader; **the financial secretary; the treasurer**; the church business administrator; and other members to be added as the charge conference may determine. It is recommended that the chairperson of the committee on finance shall be a member of the church council. **The financial secretary, treasurer, and church business administrator, if paid employees, shall be members without vote.**

The positions of treasurer and financial secretary should not be combined and held by one person, and the persons holding these two positions should not be immediate family members.

Where there is no stewardship ministry area, stewardship shall be the responsibility of a subgroup of the committee on finance or shall be assigned to a task group that shall report to the church council.

All financial askings to be included in the annual budget of the local church shall be submitted to the committee on finance. The committee on finance shall compile annually a complete budget for the local church and submit it to the church council for review and adoption. The committee on finance shall be charged with responsibility for developing and implementing plans that will raise sufficient income to meet the budget adopted by the church council. It shall administer the funds received according to instructions from the church council.

The committee shall carry out the church council's directions in guiding the treasurer(s) and financial secretary.

a) The committee shall designate at least two persons not of the immediate family residing in the same household to count the offering. They shall work under the supervision of the financial secretary. A record of all funds received shall be given to the financial secretary and treasurer. Funds received shall be deposited promptly in accordance with the procedures established by the committee on finance.

The financial secretary shall keep records of the contributions and payments.

b) **The church treasurer(s) shall disburse all money contributed to causes represented in the local church budget, and such other funds and contributions as the church council may determine. The treasurer(s) shall remit each month to the conference treasurer all World Service and conference benevolence funds then on hand. Contributions to benevolence shall not be used for any cause other than that to which they have been given. The church treasurer shall make regular and detailed reports on funds received and expended to the committee on finance and the church council.¹⁰ The treasurer(s) shall be adequately bonded.**

c) The committee shall make provision for an annual audit of the records of the financial officers of the local church and all its organizations and shall report to the charge conference.

d) The committee shall recommend to the church council proper depositories for the church's funds. Funds received shall be deposited promptly in the name of the local church.

e) Contributions designated for specific causes and objects shall be promptly forwarded according to the intent of the donor and shall not be used for any other purpose.¹¹

f) After the budget of the local church has been approved, additional appropriations or changes in the budget must be approved by the church council.

g) The committee shall prepare annually a report to the church council of all designated funds that are separate from the current expense budget.

¹⁰See Judicial Council Decisions 63, 320, 539.