

## 2018 PROPOSED BUDGET

	2017 Apport. Budget	2018 Budget			
		Appor- tioned	Found- ation	Donations /Other	2018 Total Budget
Developing Missional Leaders	664,443	631,663	144,000	1,250,000	2,025,663
Equipping Missional Congregations	331,100	320,500	0	222,600	543,100
Extending Missional Impact	1,268,406	1,351,155	13,250	950,000	2,314,405
Generating Missional Resources	83,900	84,250	0	0	84,250
Support Services	1,268,191	1,268,810	60,500	138,500	1,467,810
Cabinet	745,212	762,396	0	0	762,396
<i>Subtotal</i>	<u>4,361,252</u>	<u>4,418,773</u>	<u>215,700</u>	<u>2,394,450</u>	<u>7,028,923</u>
Pension & Insurance	78,000	56,000	9,000	793,082	858,082
Direct Bills to Churches	2,975,795	2,831,728	0	536,597	3,368,325
<i>Subtotal</i>	<u>3,053,795</u>	<u>2,887,728</u>	<u>9,000</u>	<u>1,306,487</u>	<u>4,203,415</u>
<b>Total</b>	<u><b>7,415,047</b></u>	<u><b>7,306,501</b></u>	<u><b>224,700</b></u>	<u><b>3,700,937</b></u>	<u><b>11,232,138</b></u>

Note: **Foundation** includes funds the Conference expects to receive as endowment distributions or withdrawal of accumulated investment earnings. **Donations/Other** is primarily made up of donations from individuals or churches but also includes grants, registration fees, and reimbursements.

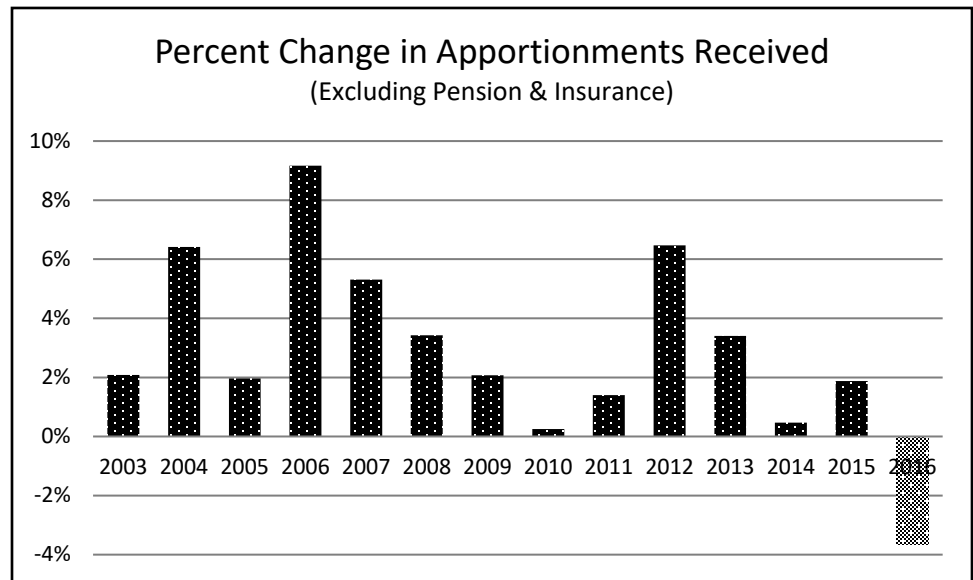
## Treasurer's Discussion & Analysis

### Overview

Overall, there is a 1.3% increase in the apportioned budget and a 5.4% decrease in the cost to the churches for Pension & Insurance. Combining these two, we expect a decrease of 1.5% or \$108,546. There were very few changes from 2017 so much of this will sound like a rerun...of a budget report. That sounds painful. Below are some highlights:

### 2016 Decline in Apportionment Income: Trend or Anomaly

In 2016, the Dakotas Conference saw the first year-to-year decrease in total apportionment giving (excluding Pensions & Insurance) since the recession of 2001-2002. Through the Great Recession and years where the budget was frozen or decreased and even the recent change in apportionment method, giving to apportionments continued to increase until 2016. Was 2016 an anomaly? Could 2016 be the start of a new trend? The



budget assumes that 2016 is an anomaly as preliminary 2017 numbers look very good. In 2009, the Lord made it clear that the health of the local church needed to be a high priority. Has the Conference been faithful to this revelation in its work and budget? Are our churches healthier today than they were ten years ago?

### Camping continues towards being Apportionment Neutral

Camping ended 2016 with an operating surplus of about \$28,000. In 2016, Camping had a \$10,000 decrease in apportionments. In 2017, there is a \$24,000 decrease in apportionments. In 2018, there will be another \$20,000 decrease. The apportioned budget continues to provide \$115,000 for maintenance of the camp facilities as well as providing fully for property/liability insurance, property taxes, and the central office staff and operations. How has camping responded to this decrease in apportionment support? Camping is focusing on 1) providing a consistently excellent experience for campers, 2) improving on inviting people to give to and experience camp, and 3) operating in a smart and efficient manner. Churches and individuals are responding which can be seen in the camping report.

### Thrive success

Because of the success of Thrive, \$220,000 over and above the apportionment budget is available in 2018 to spend on establishing new churches (\$155k), coming along side existing churches to enter a new era of growth (\$32k), and raising up and developing leaders (\$33k).

## **General Church Apportionments continue to rise**

General Church apportionments are increasing by 8% in 2018. In 2016, the decrease in apportionment income (noted early) resulted in the Dakotas Conference not being able to pay General Church apportionments in full. Hopefully this is an anomaly as well.

## **Pension & Insurance – Offering more choice...eventually**

The Board of Pensions has approved moving to the HealthFlex Exchange in 2019. This change will give pastors and lay staff the choice between six different HealthFlex plans as well as options to add dental and vision coverage. Prior to 2019, the Board of Pensions is working to establish Dakota Wholeness. What is Dakota Wholeness? The Lord laid a burden on the heart of Dr. Shawn Culey for the physical, mental, and spiritual health of our pastors. The health of a pastor not only affects the pastor's ministry, but it affects the community. The Board of Pensions believe that Dakota Wholeness and the HealthFlex Exchange compliment each other very well to help provide excellent health benefits at a more affordable cost. Why the delay until 2019? The delay is because many details still need to be worked out and refined before we are ready for full implementation.

## **Closing sentiment**

Earlier this year, someone told me that their church has an unfair advantage because their church was not giving full apportionments. This struck a chord with me because it highlighted how much work remains to be done in making sure the ministry of the Conference is affordable and aligned. It is my hope that there will be a day when people in the Dakotas gripe about a United Methodist advantage. What would it be like to have churches of other denominations or no denomination complain that it's unfair that the United Methodists have such great pastors and that their laity seem to take their "religion" a little too seriously? What would it be like to have bars and travelling sports team complain about their numbers being down because they can't offer anything nearly as good as what the people are experiencing at our churches? Hopefully this budget is bringing us one step closer to making this a reality.

Jeff Pospisil, Treasurer

## Apportioned Budget Detail

Pathway/Program	2016 Actual	2017 Budget	2018 Budget	2019 Budget	2020 Budget	2021 Budget
<b><i>DEVELOPING MISSIONAL LEADERS</i></b>						
MISSIONAL LEADER LINK	3,372	1,300	2,800	2,800	2,800	2,800
LEADERSHIP DEVELOPMENT OFFICE	16,805	20,000	20,650	20,650	21,500	21,900
BOARD OF ORDAINED MINISTRY	67,757	82,450	74,150	85,150	86,150	100,650
MINISTERIAL EDUCATION FUND	35,078	43,393	45,363	45,363	45,363	45,363
LAY SERVANT MINISTRY	10,951	17,750	19,350	19,350	20,850	22,350
LAY LEADER	1,362	3,000	3,500	3,500	4,000	4,500
CAMPING & YOUTH OFFICE	7,144	21,050	18,550	18,550	19,550	20,550
CAMPING & RETREAT MINISTRIES	267,191	244,500	225,000	195,000	165,500	142,000
YOUTH LEADERSHIP DEVELOPMENT	18,535	21,500	23,500	23,500	23,500	23,500
COUNCIL ON YOUTH MINISTRIES	15,621	68,000	58,400	58,650	58,900	59,150
YOUNG ADULT & HIGHER ED	128,230	134,500	132,500	132,500	132,500	132,500
SAFE & SACRED PLACES	8,813	5,000	5,900	5,900	5,900	5,900
NOMINATIONS COMMITTEE	358	2,000	2,000	2,000	2,000	2,000
RESOURCE LIBRARY	0	0	0	0	0	0
RETIRED PROGRAMS	0	0	0	0	0	0
<b><i>DEVELOPING MISSIONAL LEADERS</i></b>	<b><i>581,216</i></b>	<b><i>664,443</i></b>	<b><i>631,663</i></b>	<b><i>612,913</i></b>	<b><i>588,513</i></b>	<b><i>583,163</i></b>
<b><i>EQUIPPING MISSIONAL CONGREGATIONS</i></b>						
MISSIONAL CONGREGATIONS LINK	656	3,000	2,300	2,400	2,400	2,400
DIRECTOR OF MINISTRIES OFFICE	6,811	17,950	18,400	19,100	19,300	19,300
NEW CHURCHES	155,556	193,150	190,000	191,250	193,500	193,500
THRIVE CAMPAIGN	25,000	0	0	0	0	0
MCCI	45,001	61,000	54,500	53,000	51,500	50,000
JOURNEY RENEWAL	6,214	31,000	30,000	31,000	32,000	33,000
TOOLS/TRAINING FOR CHURCHES	17,720	25,000	25,300	25,600	26,000	26,000
<b><i>EQUIPPING MISSIONAL CONGREGATIONS</i></b>	<b><i>256,958</i></b>	<b><i>331,100</i></b>	<b><i>320,500</i></b>	<b><i>322,350</i></b>	<b><i>324,700</i></b>	<b><i>324,200</i></b>
<b><i>EXTENDING MISSIONAL IMPACT</i></b>						
MISSIONAL IMPACT LINK	298	1,000	1,000	1,000	1,000	1,000
GENERAL APPORTIONMENTS	771,489	929,691	1,006,575	1,006,575	1,006,575	1,006,575
CONNECTIONAL MISSIONS	105,528	100,180	110,180	120,180	125,180	125,180
CONFERENCE MISSIONARIES	184,258	237,535	233,400	206,500	171,250	161,250
DIRECTOR OF MISSIONAL IMPACT	0	0	0	0	0	0
<b><i>EXTENDING MISSIONAL IMPACT</i></b>	<b><i>1,061,573</i></b>	<b><i>1,268,406</i></b>	<b><i>1,351,155</i></b>	<b><i>1,334,255</i></b>	<b><i>1,304,005</i></b>	<b><i>1,294,005</i></b>

<b>GENERATING MISSINAL RESOURCES</b>						
COUNCIL OF FINANCE & ADMIN	1,571	3,500	3,500	3,500	3,500	3,500
FINANCE OFFICE	24,942	24,900	24,750	25,550	25,850	25,900
EQUITABLE COMPENSATION	43,003	50,000	50,000	50,000	50,000	50,000
D&O; WORKER'S COMP COVERAGE	6,164	5,500	6,000	6,000	6,000	6,000
BUILDERS CLUB	65	0	0	0	0	0
<b>GENERATING MISSINAL RESOURCES</b>	<b>75,745</b>	<b>83,900</b>	<b>84,250</b>	<b>85,050</b>	<b>85,350</b>	<b>85,400</b>
<b>DISTRICT SUPERINTENDENCY</b>						
SHARED EXPENSES	10,740	11,500	12,500	12,500	12,500	12,500
GLACIAL LAKES	133,608	140,103	143,474	146,111	148,819	151,601
EASTERN SUNRISE	133,359	141,303	144,674	147,311	150,019	152,801
SAKAKAWEA	138,853	141,503	144,874	147,511	150,219	153,001
PRAIRIE HILLS	132,266	141,303	144,674	147,311	150,019	152,801
PRESIDING ELDERS	932	0	0	0	0	0
CONTINGENCY FUNDS	13,549	29,000	29,000	29,000	29,000	29,000
INTRODUCTORY MEETINGS	8,469	8,000	8,200	8,400	8,600	8,800
MOVING FUND	145,907	127,500	130,000	132,600	135,252	137,957
DISTRICT SUPERINTENDENCY COMM	128	1,000	1,000	1,000	1,000	1,000
DISTRICT BUILDING & LOCATION	100,000	1,000	1,000	1,000	1,000	1,000
RESPONSE TEAM	0	3,000	3,000	3,000	3,000	3,000
<b>DISTRICT SUPERINTENDENCY</b>	<b>817,811</b>	<b>745,212</b>	<b>762,396</b>	<b>775,744</b>	<b>789,428</b>	<b>803,461</b>
<b>SUPPORT SERVICES</b>						
COMMUNICATIONS OFFICE	39,564	57,100	48,200	48,200	48,200	48,200
UM CONNECT	4,993	63,500	60,000	57,500	57,500	57,500
CONF SECRETARY/JOURNAL	7,433	11,100	9,000	9,000	9,000	9,000
TRUSTEES	133,232	160,000	140,000	143,100	145,200	146,300
CHANCELLORS	3,503	10,000	10,000	10,000	10,000	10,000
ANNUAL CONFERENCE SESSION	47,588	62,150	58,800	61,900	59,100	60,900
COMMON TABLE	19,024	15,000	15,000	20,000	28,000	14,000
HUMAN RESOURCES COMMITTEE	1,717	1,750	1,750	1,750	2,500	1,750
EPISCOPACY COMMITTEE	2,221	5,000	5,000	5,000	9,000	5,000
ARCHIVES & HISTORY	38,795	44,400	44,400	59,855	45,732	46,545
CONFERENCE CENTER OPERATIONS	752,726	813,191	866,660	894,509	922,693	951,219
AREA OFFICE SUPPORT	7,059	25,000	10,000	10,000	10,000	10,000
<b>SUPPORT SERVICES</b>	<b>1,057,856</b>	<b>1,268,191</b>	<b>1,268,810</b>	<b>1,320,814</b>	<b>1,346,925</b>	<b>1,360,414</b>
<b>TOTAL EXPENSES</b>	<b>3,851,159</b>	<b>4,361,252</b>	<b>4,418,773</b>	<b>4,451,125</b>	<b>4,438,920</b>	<b>4,450,642</b>
<b>OTHER UNRESTRICTED INCOME</b>	<b>1,397</b>					
<b>APPORTIONED INCOME</b>	<b>3,766,058</b>	<b>4,361,252</b>	<b>4,109,580</b>	<b>4,191,772</b>	<b>4,275,607</b>	<b>4,361,119</b>
<b>NET INCOME/(LOSS)</b>	<b>(83,705)</b>	<b>0</b>	<b>(309,193)</b>	<b>(259,354)</b>	<b>(163,313)</b>	<b>(89,523)</b>

## Pension & Insurance Detail

	2015 Actual	2016 Actual	2017 Budget	2018 Request
1 HealthFlex Premiums - Actives	1,808,004	1,799,816	1,912,908	1,912,848
Retiree HRA Contributions	450,160	520,624	611,106	631,082
Extend Health Admin Expenses	23,460	8,812	25,000	10,000
Medicare Part B	52,555	55,281	55,000	55,000
Allowance for Uncollected (0.5%)			7,000	7,000
HealthFlex Expenses	2,334,179	2,384,533	2,611,014	2,615,930
Apportionments	(82,858)	(81,864)	(68,000)	(46,000)
Direct Bill Churches	(1,318,280)	(1,329,125)	(1,453,228)	(1,327,636)
Direct Bill Participants	(445,512)	(454,813)	(478,227)	(478,212)
CPP Redirect	-	-	-	(107,000)
Retiree Health Fund Transfer	(450,160)	(520,624)	(611,106)	(631,082)
Investment Earnings - Deposit Acct	364	(2,591)	(453)	(1,000)
HealthFlex Offsets	(2,296,446)	(2,389,017)	(2,611,014)	(2,590,930)
<b>Expenses Less Offsets</b>	<b>37,733</b>	<b>(4,484)</b>	<b>-</b>	<b>25,000</b>

2 Pension Program Premiums				
CPP	225,711	225,924	237,903	-
CRSP-DC	240,720	242,158	261,884	254,190
CRSP-DB	797,959	781,935	809,321	805,533
UMPIP - Parish Contribution	243,535	238,335	258,815	235,879
Allowance for Uncollected (0.5%)			10,000	7,000
Pension Expenses	1,507,925	1,488,352	1,577,923	1,302,602
Apportionments	(333)	(494)	-	-
Direct Bill Churches	(1,416,130)	(1,382,564)	(1,522,567)	(1,504,092)
Transfers from Pension Reserve	(30,200)	(19,200)	-	-
Conference Budgets	(47,917)	(46,135)	(45,356)	(47,648)
Endowment / Investment Earnings	(8,954)	(10,502)	(10,000)	(11,000)
Pension Offsets	(1,503,534)	(1,458,895)	(1,577,923)	(1,562,740)
<b>Expenses Less Offsets</b>	<b>4,391</b>	<b>29,457</b>	<b>-</b>	<b>(260,138)</b>

3	Benefit Grants	26,252	26,924	50,000	50,000
	Program, Seminars, Stipends, Etc	3,568	4,515	10,000	10,000
	Benefits Office	74,619	83,889	99,000	100,000
	Administration Expenses	104,439	115,328	159,000	160,000
	Transfer from Endowment	(104,439)	(115,328)	(159,000)	(160,000)
	<b>Expenses Less Offsets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
4	Retiree Health	53,632	54,578	56,701	57,385
	Active Participant Contribution - 3%	(53,632)	(54,578)	(56,701)	(57,385)
	<b>Expenses Less Offsets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
5	Board Expenses	5,010	3,631	10,000	10,000
	Apportionments	(8,882)	(8,784)	(10,000)	(10,000)
	<b>Expenses Less Offsets</b>	<b>(3,872)</b>	<b>(5,153)</b>	<b>-</b>	<b>-</b>
	<b>Total Pension &amp; Insurance Expenses</b>	<b>4,005,185</b>	<b>4,046,422</b>	<b>4,414,638</b>	<b>4,145,917</b>
	<b>Total Offsets</b>	<b>(3,966,933)</b>	<b>(4,026,602)</b>	<b>(4,414,638)</b>	<b>(4,381,055)</b>
	<b>Balance</b>	<b>38,252</b>	<b>19,820</b>	<b>-</b>	<b>(235,138)</b>
	<b>Apportionments</b>	<b>92,073</b>	<b>91,142</b>	<b>78,000</b>	<b>56,000</b>
	<b>Direct Bill to Churches</b>	<b>1,318,280</b>	<b>1,329,125</b>	<b>2,975,795</b>	<b>2,831,728</b>
	<b>Total to Churches</b>	<b>1,410,353</b>	<b>1,420,267</b>	<b>3,053,795</b>	<b>2,887,728</b>
	<b>HealthFlex Participant's Share</b>	<b>499,144</b>	<b>509,391</b>	<b>534,928</b>	<b>535,597</b>