

Belmont United Methodist Church

Administrative Board Meeting and Charge Conference

January 30, 2022 Minutes

Welcome — Jeff Sheehan, Administrative Board Chair

Special thanks to Jennifer Bagwell for her outstanding leadership, particularly during the pandemic, and the love with which she led the administrative board.

Opening Prayer — Heather Harriss

Approval of December 7, 2021 Minutes — Jeff Sheehan

Approval of minutes with one amendment: Addition of “not” in this sentence:

“We are **not** absolutely certain we ever hosted a troop, but there are rumors that we may have had one in the ‘70s or earlier.

- **Minutes approved as amended.**

Financial Report and Presentation of 2022 Budgets for BUMC — John Pearce

Thanks to Mark Hagedwood and Emily Bowland. Belmont is really fortunate to have them in our business office. Their work doesn’t get seen in the same way as our clergy, but it’s really important. Mark is proactive, accurate, thoughtful, has good judgment, and has a heart for ministry.

2021 Update

Funds

Trust Fund

- Revenue:
 - About \$440K total
 - Gifts of about \$78K
 - Earnings of \$360K (12.66%)
- Grants (Total: \$286K): No new grants awarded in 2021 beyond debt reduction.
 - \$120K in debt service
 - Approved funds, but not yet spent (\$166.6K):
 - WDS boiler: \$110K
 - Network & Access control: This is project the Properties Committee is working, which will be funded by the Trust Fund. Total costs for this project will be approx. \$275K.

Capital Fund

Highlights:

- Gifts collected: about \$10K
- Debt Service payments: \$228K
 - Reduced our loan balance by \$147K, which leaves our loan balance below \$2M (\$1,987,050).
- Support from Trust Fund: \$120K
- Support from rental property: \$126K
- Principal loan reduction: \$147K
- Principal loan balance: \$1,987,050

Loan Summary:

- \$2.5M refinanced in 2017
- 3.95%, 5-year fixed rate, which will expire in **December 2022**. We are a little concerned about this as the Fed raises rates, but will be looking into our options.
- 20-year amortization
- **Balance: \$1,987,050**

Non-budget giving

Every project not part of the budget is funded through additional giving goes through this fund, which includes local church projects, memorials, UM causes, etc.

- Christmas Miracle Offering: Goal \$20K; Actual \$21,735. As of early this week, now around \$23K.
- Benevolence Fund: \$4K receipts, \$3K disbursements
- **Balance: \$1517**

Belmont Weekday School

What an incredible turnaround the WDS school had this year!

- **2020:** Lost \$60-80K (after PPT loans, using reserves)
- **2021:**
 - **Revenue:** Over \$1M
 - Includes \$43K in grants
 - **Expenses** (included some major expenditures like playground upgrades, blinds, significant pay increases for teachers)
 - Salaries: \$790K
 - Other costs: \$141.5K
 - Total: \$931.6K
 - **Operating Gain: \$115K**

We have also been notified that we will be receiving a \$250K grant. At least a portion of this grant will be used for teacher retention pay.

Rental property

- Income: \$136.7K
- Expenses:
 - \$6K taxes
 - Surplus to Capital Fund \$126K
- **Surplus for 2021: \$4.548**
- Building needs a new roof and will be done this year. We have a reserve of \$45K that we've been saving toward this expense. We have several bids of over \$90K for replacement. We'll pay for the repair with the reserves and a loan from the non-budget fund, which will be paid back over the next few years.

2021 Operating Budget Income

Revenue

- **Pledges:** Approximately 50 people gave approximately \$50K more than they pledged, but about 50 people gave less than they pledged by about that same amount. Result: We essentially achieved the pledged amount. (Budget: \$1.345M; Actual: \$1.313M)
- **Loose offering:** Exceeded expectations and was \$10K over budget (\$120K vs. \$130K)
- **Misc. giving:** Significantly under budget. We had budgeted \$57K, but received only \$14K. This includes money received from Sunday School classes, which largely didn't meeting in the building for a portion of the year; Easter offering, and our usual Gifts that Change the World campaign. The GTCTW campaign was budgeted for \$35K, but the finance committee made the decision to not have the campaign this year (for the second year in a row). Since we have spent less money/reduced expenses over the last two years because of the pandemic, the committee felt we didn't need this additional money.
- **Other income** (e.g. cell tower and WDS overhead): Budget: \$86K; Actual: \$82K
- **Transfers:** Budgeted to transfer \$100K from our reserves, but did not do that because of expense savings. Decided to simply leave it as a shortfall on the balance sheet.
- **Totals:**
 - **Budgeted income: \$1,717,704**
 - **Actual income: \$1,540,261**

Expenses

All expenses were down. We were about \$140K under budget this year (just the church piece)

- **Staff:** Approx. \$20K under (Budget: \$864K; Actual: \$846K)
- **Administration:** Approx. \$8.7K under (Budget: \$49.8K; Actual: \$41K)
- **Properties:** Approx. \$83.5K under (Budget: \$492K; Actual: \$408.4K)
- **Ministry Council:** Approx. \$30K under (Budget: \$142.8K; Actual: \$112.6K)
- **Apportionments:** Paid 100% in apportionments (\$168, 647). We pay 1/12th of it every month. This is a reduced amount because the conference changed the way they handle clergy pensions and health care. We now pay these costs directly.
 - 2006-2021 Apportionments paid: \$3, 842, 029, which represents 98%
- **Totals:**
 - **Budgeted expenses: \$1,717,704**
 - **Actual expenses: \$1,576,794**

Budget SUMMARY

- **Revenue exceeded expenses by \$79,430.**
 - Includes **operating deficit of \$36,414** and **WDS surplus of \$115,844.**

2022 Operating campaign

Pledges

- 256 total: \$1.3M (had **281** in 2021)
- 18 pledges decreased (\$41.5K)
- 19 new: \$24.9K
- 134 increases: \$93.7K
- 15 lost: (\$53.9K)
- 85 same as 2021: \$0

- 29 no response: (\$19.7K). We have been working on contacting these people over the last several months.
- Variance of \$3.4K for 2021. (Variance in 2021: approx. \$30K)
- Pledge revenue is flat, but our 2022 budgets include requests for increased spending.

Concerns

- **Aging of givers:** Greatest generation givers are being lost. We are losing gifts of \$25-30K from one person. Although we had 19 new pledges, the total of these was only \$25K. Those who are retired generally give more because they have fewer expenses than younger people/families.
- **Living beyond our means in our operating fund:** This can be sustained for a few years, but not long term. We'll be requesting the transfer of \$80K in reserves to balance our budget.
- **Ongoing economic impact of COVID 19:** Critical to get people back in-person and engaged.
- **Loss of giving over general UMC issues**
- **Deferred maintenance**

2022 budgets for approval

Proposed budget summary: Operating revenue and expenses

- **Revenues**
 - Contributions: \$1.582M
 - Other income: \$1.340M
 - **Total: \$2,922,378.33**
- **Expenses**
 - Staff: \$877K
 - Administration: \$54.7K
 - Properties: \$517.9K
 - Ministry Council: \$148.9K
 - Apportionments: \$163.8K
 - WDS: \$1.115M
 - **Total: \$2,877,935.00**
- **Net total: \$44,443.33**

Notes about EXPENSES

- For the last several years, the Finance Committee has basically accepted the budget requests from Staff Parish, Properties, Ministry Council, Administration (plus apportionments) and recommended those to the full board for approval, which the board has done.
- This year, we asked for some cuts to the submitted budgets.
 - **Staff Parish:**
 - Asked for a \$15K cut (\$877K after cut). This is not large percentage; not many places we could cut. There have been some changes to this budget from last year because of the way we now handle building maintenance and custodians. Since this is now handled by SFM, the money for those staff salaries and benefits was moved from the SPRC budget to the Properties budget.
 - Aside from that change, compared to last year, there will be a \$100K increase, primarily for two areas:
 - Added staff: Ingrid McIntyre for a full year
 - Increases in pay for staff: Working to make sure all staff get a living wage plus benefits.

- **Administration:** Up slightly because Mark moved expenses such as the phone system and few other things out of the Properties budget to this budget, which is where they should be.
- **Properties:** Asked for a \$15K cut. Much of what their budget covers is for SFM for daily building care plus maintenance.
- **Ministry Council:** Asked for a \$10K cut, but even after this cut, they will have \$36K more than they spent last year.
- Our apportionments for 2022 will decrease another \$4-5K because of the way the conference is handling these.
- In spite of these cuts, the **budget will increase for 2022** because we still had **significant increases** over last year.

Proposed Revenue detail notes/highlights (See slide 11 of the Financial Report PDF for line-item details)

- We have a line item to **transfer \$80K from reserves into the budget**. We have a total cash reserve of about \$500K, which has accumulated from prior years. In 2021, we had a \$79K surplus, which was added to the reserves. So we're basically taking out what we added last year.
- We will have a **Gifts That Change the World** campaign this year (**\$35K**).
- WDS is now making a **\$75K** payment to the church to help cover costs for custodial care, utilities and insurance. This doesn't cover it all, but is a substantial
- **\$50K transfer** from the Rental Properties Fund, which matches the \$50K line item for general maintenance in the Properties budget.
- **WDS tuition of \$1.2M**
- **Total: Almost \$3M in revenue (\$2,922,378.33)**

Proposed WDS Budget Summary

- **Revenues:** \$1.159M (tuition, fees)
- **Expenses:** \$1.115M. They spend virtually all of their income. Eighty to ninety percent of their expenses come from staff salaries and benefits. Also includes substantial increases in teacher pay and a \$75K payment to help defray some of the building costs.
- **Net Total:** approx. \$44K

Proposed Rental Property Budget Summary

- **Revenues:** \$140.8K rental income (rent increases 3% each year)
- **Expenses:** \$131K
 - Property taxes (\$6K): The actual property taxes are about \$20K, but the tenant pays everything over \$6K.
 - Transfer to Capital Fund: \$125K (for debt service)
- **Net Total: \$9,649.66.** This will be put in reserve to rebuild the fund, which will be negative after the roof is replaced.

Proposed Capital Fund Budget Summary

- **Revenues:** \$10K income
- **Expenses:**
 - \$50K (transfer to Properties for general maintenance)
 - \$120K debt service
 - \$125K Vanderbilt Imaging (rental property) to Capital
 - \$90K interest on building load.
- **Net total: \$115K**
- **Less \$138K** (Principal loan payments)
- **Net loss: \$23K**
- Cash balance in this fund is \$150K, so we'll lose \$23K of that this year, which will leave a **balance of \$125K**.

- Recommendation of Finance Committee to approve the presented budgets and finance report.
 - Capital Fund
 - Rental Property
 - WDS
 - Church budget

- **Budgets Approved and finance reports approved.**

Deep thanks to the Finance Committee for their work!

Charge Conference Opens (Rev. Garie Taylor presiding)

- Charge Conference will deal only with setting salaries of the clergy appointed by the bishop (Paul, Heather and Darren).
- Housing allowances were approved at a charge conference on 12/7/2021. Had to do this before the beginning of the new tax year.

Compensation — Dick Bowers

- Includes a 4% increase to clergy salaries from last year, including those appointed by the bishop and those we employ ourselves.

Total 2022 compensation (clergy salary and housing allowances)

Compensation for Clergy appointed by the bishop:

Paul Purdue

- **Cash salary:** \$106,199
- **Housing allowance:** \$25,604
- **Total:** \$131,803

Heather Harriss

- **Cash salary:** \$40,569
- **Housing allowance:** \$29,320
- **Total:** \$69,889

Darren Mayberry Wright

- **Cash salary:** \$11,531
- **Housing allowance:** \$44,000
- **Total:** \$55,531

Compensation for Clergy hired by Belmont:

Kate Fields

- **Cash salary:** \$30,531
- **Housing allowance:** \$25,000
- **Total:** \$55,531

Ingrid McIntyre (3/4 time)

- **Cash salary:** \$28,600
- **Housing allowance:** \$13,000
- **Total:** \$41,600

➤ **Salaries approved.**

Charge Conference Closes

Benediction — Darren Mayberry Wright