

Gulf Cove United Methodist Church
Helping Everyone Meet, Know, and Serve Jesus
Finance Leadership Team Meeting
October 20, 2014 – 7:00 PM

Attendees: John McGuire (Vice-Chairman), Jeanne Shroust, Ken Priest, Joan Priest, Rick Starck, LuAnn Zink, Karen Current, Ilene Sokolich, Dana Hanson

The meeting was opened with the lighting of the candle representing Jesus Christ, followed by a prayer by John McGuire.

CORRECTIONS TO PREVIOUS MINUTES

There is one correction to the minutes from the September 15, 2014, meeting. Under “Communion Schedule,” the first phrase “The 2014 schedule” is changed to “The 2015 schedule.”

REPORTS

During the meeting, several questions arose which could be answered only by Dawn Tesauro. Those questions are listed at the end of these minutes. It is asked that Dawn provide written answers which can be associated with these minutes.

Spendable Income: John McGuire and Jeanne Shroust reported that spendable income received so far in October totals \$18,779. We have received quite a bit less than what is needed for the month, but one bright spot is that we do not pay Apportionments in October. Jeanne advised that spendable receipts year-to-date total \$309,529. This does not include donations designated for, or transfers from, the Reserve Fund. When amounts transferred from the Reserve Fund are included as spendable income, then the YTD spendable amount equals \$323,029.

Reserve Fund: The approximate Reserve Fund balance as of 10/20/2014 is \$18,800. The following table reflects withdrawals from the Reserve Fund

| | 2012 | 2013 | 2014 | | 2012 | 2013 | 2014 |
|----------|------|------|------|--------------|-----------------|-----------------|-----------------|
| January | \$0 | \$0 | \$0 | July | \$1,000 | \$8,500 | \$5,000 |
| February | \$0 | \$0 | \$0 | August | \$8,000 | \$9,200 | \$0 |
| March | \$0 | \$0 | \$0 | September | \$4,500 | \$0 | 8,500 |
| April | \$0 | \$0 | \$0 | October | \$4,000 | \$3,500 | ? |
| May | \$0 | \$0 | \$0 | November | \$3,000 | \$0 | ? |
| June | \$0 | \$0 | \$0 | December | \$1,000 | \$0 | ? |
| | | | | TOTAL | \$21,500 | \$21,200 | \$13,500 |

OLD BUSINESS

Debt Reduction and 1% Club Accounts: The total amount that remained in these two accounts (\$3,886.09) has been moved by Dawn Tesauro into the Facility Expansion Balance (320.026) which, as of 9/30/2014, contained \$6,220.51. A lengthy discussion was held regarding the several different “capital improvement” accounts and their meanings. The following accounts

were mentioned, and the amounts indicated are actually in the “Checking 2” account for restricted funds:

| <i>Restricted Fund Balance Accounts</i> | | <u>9/30/2014 Balance</u> |
|---|----------------------------|--------------------------|
| 320.002 | Debt Reduction Balance | \$ 0.00 |
| 320.007 | A/C Fund Balance | 4,400.00 |
| 320.009 | Light Fixture Fund Balance | 7,709.36 |
| 320.018 | New Sanctuary Fund Balance | 0.00 |
| 320.026 | Facility Expansion Balance | 6,220.51 |
| 320.028 | Roof Maintenance Balance | 202.83 |
| 320.039 | Trustee Fund Balance | 8,265.68 |

Jeanne Shrout explained that when account 320.026 was established, the intention was that it be used solely for a new building and/or expansion of the current building. As a result, it would not be appropriate for other types of capital improvements or expenditures to be taken out of this account. The 9/15/2014 minutes explained:

- Facility Expansion Fund provides for expanding the current facility.
- 1% Club funds were to pay off the mortgage. New contributions would be applied to the Facility Expansion Fund.

As provided in the 5/19/2014 minutes:

Starting in August, an amount equal to the regular mortgage payment (\$1,455.25) will be placed into the Reserve Fund until that fund is fully funded (equal to \$37,000). It is anticipated that once that is achieved, the same amount will be placed into a special fund for future use, the actual account to be determined at a later date.

Finance Chairman John Furtado advised the Church Council at its 9/22/2014 meeting, “That has not been done, however, because all funds received have been used to pay current expenses. John [Furtado] is hopeful that once the northern folks return, the monthly mortgage amount can be set aside.”

John McGuire questioned whether a new account should be established for capital improvements which are not covered by the Facility Expansion Balance. He added that, in accord with Jeanne’s explanation, although the facility expansion account cannot be used for other capital improvements, the type of account John envisions could be used for both capital improvements and facility expansion purposes if need be. The new account proposed by John McGuire would receive the prior monthly mortgage amount, to be used for capital improvements. The funds that were remaining in the Debt Reduction account and the 1% Club fund will be transferred from the "Facilities Expansion" account 320.026 to the new account to provide the same flexibility in the use of these funds.

2015 Communion Schedule: The communion schedule established at the September Finance meeting has been changed. As revised, the communion schedule for 2015 is:

| | |
|-----------|--|
| January | “Communion” account (a spendable amount) |
| February | Englewood Helping Hands |
| March | American Cancer – Relay for Life |
| April | Conference Special |
| May | VBS |
| June | Englewood Helping Hands |
| July | Pastor’s Discretionary Fund |
| August | One Great Hour of Sharing |
| September | [open] |
| October | World Communion |
| November | Cuba Sister Church |
| December | Closet of Hope |

NEW BUSINESS

2015 Budget: As currently prepared, the Presentation Budget for the year 2015 totals \$467,753 as compared to the 2014 budget of \$443,801, an increase of \$23,952 or 5.4%. A comparison of total budgets to actual expenses at the end of the year for the past several years is as follows:

| Year | Annual Budget per Treasurer’s General Fund Reports | Expenses Total | Difference | Expenses /Budget % |
|--------|--|----------------|------------|--------------------|
| 2008 | 430,244 | 377,666 | 52,578 | 87.78% |
| 2009 | 404,861 | 363,298 | 41,563 | 89.73% |
| 2010 | 397,399 | 364,773 | 32,626 | 91.79% |
| 2011 | 423,699 | 377,782 | 45,917 | 89.16% |
| 2012 | 407,676 | 380,597 | 27,079 | 93.36% |
| 2013 | 421,962 | 378,383 | 43,579 | 89.67% |
| 2014 * | 325,956 | 304,923 | 21,033 | 93.55% |

*Amounts shown are as of 9/30/2014. The budget for the entire year 2014 is: \$443,801 per the 2015 Presentation Budget Report printed 10/7/2014; and \$436,541 per the Treasurer’s General Fund Report for September 2014.

During the ensuing discussion, the following comments were made:

- Jeanne opined that people seem to be more realistic with their budget requests. She also pointed out that although the budget will eventually be approved, it is a living document which can be adjusted whenever necessary.

- 506.100, Church Property & Build Maintenance Expense: The difference between \$23,000 for 2014 and \$35,000 for 2015 results from the general observation that the expenditures continue to go up. This increase, however, is offset by the mortgage expense decrease to \$0.
- It is believed that the Cleaning Service Expense reflected in 506.135 is only part of what is being paid for cleaning the church. It represents an amount over and above the contracted amount.
- Regarding payroll taxes, for 2015, the total Lay Staff Salary Expense at 504 is expected to increase by \$36,487, and the total Pastor Salary Expense in 502.100 is expected to increase by \$2,222. Therefore, it does not make sense that the total Payroll Taxes Employer reflected in 507.100 should decrease by \$1,663.
- Other than Rev. Bill, there are 7 paid, lay staff employees.
- The Pastor's Qualifying Reimbursement Expense in 502.110 represents expenses he incurs which are reimbursed based upon a receipt he submits for an expense. Joan Priest explained that a portion of his cell phone expense was considered reimbursable, until it was learned that it was actually covered elsewhere; as a result, the amount allowed for that expense decreased. Jeanne explained further that Conference is now disallowing reimbursement for some items which previously had been reimbursable. Some items which qualify for reimbursement include his attendance at Conference and District events, and continuing education. In addition, in recent years, he has been spending much less than what was budgeted.
- John explained that we need to ask Scott Folsom to verify that we understand his request correctly. The proposed 2015 budget already includes \$1,200 for Youth Fellowship Expense 509.130. Scott has submitted a request for \$2,000 for 2015, broken down as follows:
 - He requested \$1,000 to hire a person who is seeking a youth ministry degree for an 8-week period in the summer. Because this is staff-related, SPR should review this request. Joan Priest indicated they will do so in November at their next meeting.
 - He requested \$1,000 to be used to purchase Bible study materials and supplies. He indicates that his overall request is for an additional \$800, and this \$1,000 request is less than the already existing \$1,200. As a result, this request does not require further approval.
- Jeanne explained that apportionments are not based on attendance, membership, or donations. There is a specific formula that is followed in determining the amount of Apportionments. It is based on expenses from two years prior in relation to expenses paid by all other churches in our Conference. Ken advised that GCUMC is one of only a few churches which pays 100% of its Apportionments every year.
- GCUMC's 2014 Apportionments total \$39,365. Although some people tend to think of it as a "tax" on the church, in reality it is another outreach or mission. GCUMC's Apportionments for 2014 are further distributed as identified on the [Apportionments](#) page in our church's website.

John McGuire explained that the amounts of (1) the pastor's salary plus benefits/expenses and (2) GCUMC's apportionments, for 2015 must be finalized and approved prior to the Church Conference on November 9. Since all present agreed with the 2015 amounts, he will present

these items for review and approval at the next Church Council meeting on October 27. The Finance Committee should come to a consensus regarding the remaining items in the proposed 2015 budget before presenting it to the Church Council for final approval; this will hopefully be done at the November Finance meeting. The overall 2015 budget should be finalized by the end of this year.

Farmers' Market: Rick Starck brought this topic up to Finance because there will be some start-up expenses. Since everyone so far has commented favorably on this outreach, preliminary steps have been taken, including the drafting of contracts which must be reviewed by an attorney, generally about \$250 an hour. This expense at a minimum will be incurred, even if we ultimately decide not to host the market. Rick reported that his research has not indicated any reason that would stop us from hosting it. Shawna Lange brought this activity to GCUMC's attention. She operates the market on Boca Grande, and she or her delegate would be our contact. She is responsible for obtaining and vetting all vendors, including determining whether they have the appropriate permits and licenses.

Rick contacted Englewood UMC and spoke with Diane Boyer. Diane advised that EUMC handled their own vetting of vendors; there was no middleman. Their farmers' market was discontinued because of conflicts with other Saturday activities, and although they had about 35 vendors at one time, they recently lost 6. Diane believes that a Monday or Tuesday would be a good day for a farmers' market in this area, and that our location is ideal. Diane offered us their lists of vendors who could be contacted by Shawna's organization.

Although the markets Shawna's company operates usually run from October through March or April, she felt a January start date for GCUMC would be best. Since January is fast approaching, we must move quickly on what needs to be done. Miscellaneous items that were mentioned and which require further consideration include:

- We would receive a portion of the booth space paid by vendors. Usually there is a sliding scale based on the length of time a vendor wants a booth. Some of the prices quoted on the www.bocagrandefarmersmarket.com website include \$30/week prepaid for 26 weeks, \$35/week paid weekly for 26 weeks, \$40/week prepaid for 13 weeks, \$45/week paid weekly for 13 weeks, \$50/week prepaid for 6 weeks, and \$55/week paid weekly for 6 weeks.
- Recent discussions about this event have resulted in suggestions that we set up two or three booths: a food sales booth, and ministry tables that rotate ministries, or the Scouts or Crafty Ladies.
- No vendors would be located inside the building.
- Visitors would be allowed inside the church to use the restrooms and to see what GCUMC has to offer. They would use the narthex bathrooms, but not the office and education area bathrooms.

- If porta-potties were used instead of church facilities, they would have to be delivered on Friday (since they must be in place early Monday morning) and would probably not be picked up until Tuesday. As a result, most felt porta-potties were not feasible.
- Parking would likely be out back.
- It was thought that any original outlays of cash would come from the Outreach fund. John indicated he would contact the Outreach Chairman to discuss the matter.
- It is hoped that between booth rental and our own food sales, we can make a good dent in the additional \$24,000 that is needed for next year's budget.
- It will be necessary that several people from our congregation volunteer to assist in some way every week on Monday or Tuesday for at least 4 hours. They would be needed to cook, to man the ministry tables, to be present in the narthex and in the chapel, to take individuals on "tours" of the church, etc.
- Since the market is open from 9:30 to 1:30, vendors would be here early to set up. They must tear-down and be off the premises by 2:15.
- Outside cleanup would be performed by Shawna's company.
- Inside cleanup would be GCUMC's responsibility. This means that additional cleanings of restrooms would be necessary (at an additional cost to us) and more supplies would be required. To help cover this extra expense, it is possible that the contract might include GCUMC receiving 15% or 20% of booth rental instead of the usual 10%.
- It is believed that vendors who require electricity have to bring their own generators.
- In looking at the farmers' market on Dearborn Street in Englewood, it was noted that cars are bumper-to-bumper every Thursday, creating a true headache getting in and out of that area. Because of GCUMC's location and layout, driving in-and-out is easy in comparison.

Facilities & Expansion Task Force: John reiterated the oft-mentioned idea that a task force be created to consider future building requirements of GCUMC, and Rick indicated he spoke with Rev. Bill about using the Vision Retreat in February to discuss this very issue. Because of the number of years needed to complete the planning phase, we need to establish the committee now instead of waiting until we reach a critical breaking point. Professional, paid assistance will likely be required if none is available through Conference. Once the type of building is determined, the Discipline has specific guidelines which must be followed during the planning and implementation stages. See the Book of Discipline ¶ 2544 (2012), Planning and Financing Requirements for Local Church Buildings. Jeanne and Joan mentioned that several years ago Terry TenBrink headed a committee which delved into this issue. Joan said she still has the paperwork and recommendations from that committee. It was suggested that now-retired Rev. Bill Oakley, the first pastor of GCUMC who was deeply involved in the design of our current building, be included on the committee, assuming he is willing. ☺

QUESTIONS FOR DAWN

1. With regard to the following accounts: (a) Why was the account established? (b) From where did or do the funds come? (c) For what purposes may the funds be used? The accounts in question are:

| <i>Restricted Fund Balance</i> | | <u>9/30/2014 Balance</u> |
|--------------------------------|----------------------------|--------------------------|
| 320.007 | A/C Fund Balance | 4,400.00 |
| 320.009 | Light Fixture Fund Balance | 7,709.36 |
| 320.018 | New Sanctuary Fund Balance | 0.00 |
| 320.026 | Facility Expansion Balance | 6,220.51 |
| 320.028 | Roof Maintenance Balance | 202.83 |

2. With regard to the 2015 budget's Cleaning Service Expense in 506.135, what does the \$3,168 represent?
3. What is the reason which causes payroll taxes in 507.100 to go down \$1,663 while at the same time the Pastor Salary Expense in 502.100 plus Lay Staff Salary Expense increases a total of \$38,709? Is the reduction in taxes the result of the different manners in which Ron Lesinski was and Mike Lackney is being paid? Why is there not an increase in taxes when total salaries are increased so much?
4. The Church Utilities Expense in 505.100 is expected to decrease by \$4,000. What is the basis for this decrease? If the decrease is a result of better efficiency with the new air conditioners, is the money saved being set aside as was originally anticipated, and if so, into what account? The 12/17/2012 Finance minutes state:
Dedicated Air Conditioner Capital Fund: At the 10/22/2012 Ad Council meeting, a motion was passed whereby \$200 each month is to be placed into a dedicated fund for future replacement of A/Cs. That account has been established (#320.007, "A/C Fund Balance"), and the first \$200 was deposited into it.
5. Are there any outstanding items for which Dawn needs further information before the final figure for an account can be determined? (As an example, last year she had to wait until November or December 2013 before she received the final figures from Conference for our insurance expense for 2014.)
6. Can Dawn add any more information to the \$12,000 increase in 506.100, Church Property & Building Maintenance Expense, the second bulleted item under *2015 Budget*?

SUMMARY

Finance Leadership Team Lights & Recommendations for Church Council:

| | |
|------------------|--|
| Red: | ➤ A Buildings & Facilities Task Force needs to be formed to establish future requirements. |
| Yellow: | ➤ Clarification of 2015 budget items by Dawn. |
| Green: | ➤ Overall, we're doing great! |
| Recommendations: | ➤ Pastor's salary and Apportionments will be presented to the Church Council for consideration prior to the Church Conference on November 9. |

The meeting was adjourned at 8:40pm with a prayer by Rick Starck. The next scheduled meeting is Monday, November 17, 2014, at 7:00pm.

Respectfully submitted,
Dana Hanson