

ADMINISTRATIVE MINISTRIES

BOARD OF PENSIONS

The Board of Pensions monitors benefits including health and dental insurance, life insurance, and retirement benefits that support clergy and other persons employed by churches and agencies related to the Annual Conference. The Board makes recommendations for changes in those benefits and the methods of funding them when appropriate. The Board is also represented on the Conference Investment Committee that is responsible for the investment of funds that support pensions and other benefits. The Board recommends to the Conference a Past Service Rate for the clergy receiving pre-82 pension benefits. The Board sponsors the annual Pension Luncheon for retirees and cosponsors with the Board of Ordained Ministry, the financial planning seminars.

The Board has three standing committees. The Insurance Committee, Financial Seminar Committee, and Pension Luncheon Committee meet on an as-needed basis while the Board of Pensions and the members on the Investment Committee meet at least 5 times a year.

In an effort to stay abreast of the best ideas relating to providing good benefits at reasonable cost, the Board brought a resolution to the 2007 Annual Conference installing a new health insurance plan featuring a High Deductible Insurance Plan coupled with Health Savings Accounts or a Health Reimbursement Account. That plan became effective January 1, 2008. In 2010, due to higher than planned cost trends, plan deductibles were changed in an attempt to hold premiums in line.

Unfortunately, trends for our health insurance coverage continue to trend upward. Premium increases for the 2010/2011 policy year were 23.6%, 2011/2012 policy year 1.4%, 2012/2013 policy year 4.2%, and 2013/2014 policy year 3.0%, totaling 32.2%. From 2010 through 2013, the amount of increase passed on to the local church and/or the participants was 21.2%. Our billing to the Churches for 2014 remained at 2013 levels and we have been able to utilize our Rate Stabilization Reserve, during this period, to offset the increased costs. The 2014/2015 premium was received with no increase from 2013/2014 levels however, we are proposing a small increase in coverage in order to build the rate stabilization reserve to help offset future premium increases as we have done in the past.

Accomplished Goals

1. A Retirement Luncheon provided a time of fellowship for all the retired clergy and retired lay Conference staff and honored new retirees.
2. Members from the Board of Pensions, along with members of other Boards, continue to monitor the pension investments and other Conference investments.
3. A Past Service Rate for the Pre-82 Pension Plan for the year 2014 was increased to \$568 per year of service and was approved at Annual Conference.

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4. As the Affordable Care Act begins to be implemented we continue to monitor and rely on resources from our outside consultants to predict changes to the Health Insurance market and the impact it may have to our current health care plan.

2015 Goals

1. Representatives of the Board will actively participate with the Conference Investment Committee monitoring the management of investments so that increases in the Past Service Rate can continue at least at the rate of inflation and costs to the Conference of providing benefits can be stabilized and controlled.
2. A Retirement Luncheon for retiring and retired clergy and retired lay Conference staff will continue annually.
3. The Board of Pensions will make a recommendation for a new Past Service Rate for the year 2015.
4. The Board of Pensions will monitor the effectiveness of the health and dental plans to insure that the best possible plans can be offered at reasonable cost.

Issues of Concern

1. The continuing increase in health care benefit utilization along with the increase cost of health care, with our beneficiary population having an average age of fifty-four years, or higher, is putting great pressure on the financial resources of the conference as well as individual congregations. It is therefore necessary to understand that resources accumulated for that increasing burden should not be siphoned off for other uses. The reserves established for health and pension obligations **should not** be thought of as a pool of funds that can be tapped for other opportunities.
2. There is concern that some churches are not meeting their obligation to pay their share of pension and health insurance costs on a timely basis. Although arrearages have leveled off, it is important that churches continue to responsibly share in the overall costs of our benefit program. With the approval and encouragement of the Cabinet, The Board of Pensions has elected to include in this report a list of the churches with arrearages as of December 31, 2013.
3. The economy and our aging church membership have begun to put significant pressures on funding of all Conference programs, including pensions. Conference Boards and Agencies will need to work together closely to make sure that our Pension and Health Insurance funds remain solvent.
4. The passage of the Affordable Care Act (ACA) by congress in March 2010 has brought many questions about the Conference's current health care plan and its ability to meet all provisions set forth in the law. The Board of Pensions has and will continue to meet

93 with our health care consultants (Mercer) in order to stay abreast on all regulations
94 and changes that may impact our current plan as the new law is implemented.
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96 **Reminders**

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- 98 1. Pastors who are appointed to the Peninsula-Delaware Conference for the first time
99 must make arrangements with the Conference Business Office for enrollment in the
100 health, dental, life and pension programs.
- 101 A. Pastors leaving appointment in the Peninsula-Delaware Conference must
102 make arrangement with the Conference Business Office to be properly
103 transferred from the benefit programs. Please note that the Conference does
104 not participate in COBRA and insurance ends immediately when a pastor
105 leaves the Conference.
- 106 B. Pastors having changes in their family status, such as marriages, divorces,
107 newborn children, adoptions, death, etc., must notify the Conference Business
108 Office within thirty days of these events
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- 110 2. Each pastor is responsible to keep the Conference Business office and the General
111 Board of Pension & Health Benefits apprised of any changes to their designated
112 beneficiary and current address.
- 113
- 114 3. You can help contribute to the continued success of our health program by becoming
115 familiar with and using the preventive benefits of your program.
- 116
- 117 4. Pastors may call the General Board of Pension & Health Benefits (GBOPHB) any time
118 to find the status of their retirement benefits. That toll free number is 1-800-851-
119 2201. Pastors may also download a retirement projection from www.gbophb.org
120 using a PIN provided by the GBOPHB.
- 121
- 122 5. A web space entitled "Conference Benefits" located on www.pen-del.org is provided
123 to answer questions, download forms, or direct you to links related to the health and
124 dental plans and pension plans.
- 125
- 126 6. Our "Policy on Benefit Eligibility" can be found on the above mentioned Conference
127 website.
- 128

129 **Arrearages**

130 **Pension Arrearages on December 31, 2013 with more than 1 month in**
131 **arrears:**

132 **Easton:**

- 133 Cambridge-Vienna Ministries - \$32,900.31
- 134 Still Pond-Coleman - \$1,885.68
- 135 Trappe-Bruceville - \$1,323.14
- 136
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139 **Salisbury:**
 140 Princess Anne-Cottage Grove - \$3,449.04
 141 Princess Anne-St. James - \$15,519.40

142
 143 **Wilmington:**
 144 Bear: Arise - \$4,325.40
 145 Mt. Joy - \$5,044.38

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 147 **Health Insurance Arrearages on December 31, 2013 with more than 1**
 148 **month in arrears:**

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 150 **Dover:**
 151 Milford: St Paul's - \$7,000.00

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 153 **Easton:**
 154 Cambridge: Waugh - \$8,010.00
 155 Chester-Stevensville - 10,793.34
 156 Church Hill-Burrisville - \$3,347.33
 157 Federalsburg-Denton - \$35,713.56
 158 Greensboro-Burrsville - \$11,946.48
 159 Trappe - Bruceville - \$1,343.00

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 161 **Salisbury:**
 162 Princess Anne-St. James - \$18,099.50

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 164 **Wilmington:**
 165 Bear: Arise - \$2,468.00
 166 Coleman-Memorial - \$1,258.00
 167 Mt. Joy- \$2,456.00

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 169 **Board of Pensions Resolutions:**

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 171 **Resolution Setting the Past Service Rate:**

172 The Peninsula-Delaware Conference Board of Pensions recommends the Past Service Rate
 173 relating to the Pre-1982 Pension Plan for 2015 be set at \$584 per year of approved service.

174 **We therefore ask that our community of the Peninsula-Delaware Annual**
 175 **Conference adopt this resolution to be effective July 1, 2014.**

176 **Person Responsible for Presenting Resolution: Rev. Alan Jones.**

177
 178 **Resolution Relating to Rental/Housing Allowances for Retired or Disabled**
 179 **Ministers of the Peninsula-Delaware Conference:**

180 The religious denomination known as The United Methodist Church has and functions
 181 through Ministers of the Gospel who are duly ordained or licensed; and the practice of The
 182 United Methodist Church is to provide a parsonage or a rental allowance as part of the gross
 183 compensation for each of its active ordained or licensed ministers; and
 184

185 Pensions paid to retired and disabled ordained or licensed ministers of The United Methodist
186 Church are considered as deferred compensation and are paid to said retired and disabled
187 ordained or licensed ministers in consideration of previous, active service; and
188 The Internal Revenue Service has recognized that the Peninsula-Delaware Annual
189 Conference is the appropriate organization to designate a housing/rental allowance for
190 retired and disabled ordained or licensed ministers who are members of this Conference;

- 191
- 192 1. An amount equal to 100% of the pension payments received during the year
- 193 2015 be and is hereby designated as a rental/housing allowance for each
- 194 retired and disabled ordained or licensed minister of The United Methodist
- 195 Church who is or was a member of the Peninsula-Delaware Conference at the
- 196 time of his or her retirement:
- 197
- 198 2. This rental/housing allowance shall apply to each retired and disabled
- 199 ordained or licensed minister who has been granted the retired relation or
- 200 placed on disability leave by the Peninsula-Delaware Conference and whose
- 201 name and relationship to the conference is recorded in the Journal of the
- 202 Peninsula-Delaware Conference and in other appropriate records maintained
- 203 by the conference.
- 204
- 205 3. The pension payment to which this rental/housing allowance applies shall be
- 206 the pension payment resulting from all service of such retired and disabled
- 207 ordained or licensed minister from all employment by and local church,
- 208 Annual Conference or institution of The United Methodist Church or of any
- 209 former denomination that is now a part of The United Methodist Church, or
- 210 from any other employer who employed the minister to perform services
- 211 related to the ministry and who elected to make contributions to the pension
- 212 funds of The United Methodist Church for such retired minister's pension.
- 213

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

222 **We therefore ask that our community of the Peninsula-Delaware Annual**
223 **Conference adopt this resolution effective July 1, 2014**

224 **Person Responsible for Presenting Resolution: Rev. Alan Jones**

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226 **Resolution to Collect Health/Dental/Pension Arrearages:**

227 At the 2008 Annual Conference, a Resolution was passed that authorized the Board of
228 Pensions to use apportionment dollars to offset the pension and insurance arrearages. The
229 Conference would transfer any apportionment dollars paid by a church delinquent in pension
230 and health payments and apply those payments to the arrearages. The Board of Pensions

231 made an exception to this policy that if the local church agreed, in writing, to a regular
232 payment plan with the Business Office and these payments were paid on time per the
233 payment plan, apportionments dollars would not be transferred.

234 The 2008 resolution is of no effect for local churches that have pension and/or insurance
235 arrearages and also make no payment toward the apportionments. The Book of Discipline
236 obligates the Annual Conference to provide for continued pension and health benefits for
237 clergy serving these churches. The Board of Pension pays for these benefits from a Reserve
238 established to fund future retirement benefits for Clergy. Continued use of this Reserve
239 may jeopardize the funding of retired clergy benefits.

240 **THEREFORE, BE IT RESOLVED** the Board of Pensions recommends that if a church,
241 having health/dental/pension arrearages is closed and sold, the health/dental/pension
242 arrearage will be satisfied as the first obligation from the net proceeds of the sale.

243 **We therefore ask that our community of the Peninsula-Delaware Annual**
244 **Conference adopt this resolution to be effective July 1, 2014.**

245 **Person Responsible for Presenting Resolution: Rev. Alan Jones**

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247 **Resolution to Offset Rate Increase:**

248 Effective January 1, 2015, the Board of Pension recommends the following increase in
249 health/dental rates:

- 250 • No change in the deductibles or the co-pays.
- 251 • Billing to the local church for clergy increases by 5% as follows:
 - 252 Annual Billing for a Full Elder - \$14688;
 - 253 Provisional Elder, Associate Member or Full-time Local Pastor - \$13,764;
- 254 • Funding HSA/HRA will be \$400 for individual; \$2000 for family for 2015.
- 255 • Completing an employee health assessment by October 25, 2014, through Virgin
256 Health Miles (VHM) will increase the HSA/HRA funding by an additional \$100 for an
257 individual or family for 2015. Completing the first 3 quarters Walking Goals in the
258 VHM program in 2014 will increase the HSA/HRA funding by an additional \$300 for
259 an individual or family for 2015.

260

261 Effective January 1, 2015, the Pastor’s monthly contributions will increase 5% as follows:

Compensation	Single Coverage	Family Coverage
\$20000-29999	38	62
\$30000-39999	49	87
\$40000-49999	68	117
\$50000-59999	87	148
\$60000 plus	105	179

Retirees/Spouses under 65 49 87

Retirees/Spouses on Medicare No contribution required

262 **We therefore ask that our community of the Peninsula-Delaware Annual**
263 **Conference adopt this resolution.**

264 **Person Responsible for Presenting Resolution: Rev. Alan Jones**

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266 Respectfully,

267 R. Christopher Loller, Chair of the Board of Pensions

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COMMISSION ON EQUITABLE COMPENSATION

The Conference Commission on Equitable Compensation is charged in the Discipline with three broad areas of responsibility. These are (1) recommending Conference standards for clergy support; (2) administering funds to be used in salary supplementation; and (3) providing counsel and advisory material on clergy support to the District Superintendents and Committees on Pastor-Parish Relations.

The Commission is responsible for the development of a schedule of minimum base compensation. The funds administered include General Funds for compensation supplements, funds granted to pastors in "Key Leadership" positions serving a charge(s) that is unable to support the clergy commensurate with his/her talents and experience, and Special Funds used in special one-time circumstances.

The 2014 Equitable Compensation budget is \$137,500. Funds expended in 2013 for salaries, pension, moving expenses, short-term disability, and miscellaneous totaled \$111,756. As part of this report, there is a list below of the churches and charges that received assistance in 2013.

At the 2011 Annual Conference, we were asked to study the minimum salaries across the United Methodist Church. During our study we discovered that the Peninsula-Delaware Conference has the second lowest minimum salary in the denomination. 2013 our minimum salary is 10th from the bottom for our denomination. Therefore, the Commission on Equitable Compensation recommends the following 2.5% increase for 2015:

Full Elder and Full Member Deacon:	\$35,818
Provisional Elder, Provisional Deacon and Associate Member	\$32,902
Full Time Local Pastor and Provisional Members attending School	\$30,663

The Continuing Education minimum amount is \$800 for 2015. Clergy should receive paid leave to attend a continuing education event.

The Commission on Equitable Compensation also recommends that the number of years for Service Increments of 20 years continue at \$150 for each year of service.

The Commission on Equitable Compensation recommends that the reimbursement for travel expense for 2015 be at the rate set by the Internal Revenue Service for 2015.

The Commission also recommends that pastors be reimbursed for all tolls and parking expenses incurred in the performance of their pastoral duties.

Clergy will be allowed to preach one week each year for one of the following events: Emmaus, Chrysalis, Camp Pecometh or any other engagement that enhances the spiritual

311 life of persons of this Conference and shall not affect the clergy's vacation time or the
 312 clergy's regular pay from their appointed charge. Qualifying other engagements will be
 313 determined by the Commission on Equitable Compensation.

314
 315 Yours in Christ,
 316 Rev. Jerome E. Tilghman Sr. / Mr. William Batson
 317 Co-chairs for the Commission on Equitable Compensation

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 320 The list of churches that received Equitable Compensation in 2013 were:

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 322 **Peninsula-Delaware Conference 2013 Equitable Compensation Support**

<u>Dover</u>	<u>Amount</u>
325 Laurel: Trinity	\$2,400.00
326 Milton-Nassau	1,750.00
327	
<u>Easton</u>	
329 Chestertown-Pomona	1,600.00
330 Chestertown-Stevensville	5,000.00
331 East New Market	5,000.00
332 East New Market-Linkwood	3,840.00
333 Grasonville-Carmichael	6,000.00
334 Preston: Mt. Calvary	2,500.00
335 Ridgely-Marydel	3,840.00
336 Rock Hall-Fairlee	12,000.00
337 Vienna-Elliotts	3,072.00
338	
<u>Salisbury</u>	
340 Crisfield-Union Asbury	5,000.00
341 Germantown-Sinepuxent	2,500.00
342 Girdletree-Stockton	1,088.00
343 Quantico-Hebron	6,000.00
344 Pittsville-Willards	1,000.00
345 Sharptown-Asbury	7,000.00
346 Sharptown-Zion	1,200.00
347 Snow Hill-Ebenezer	500.00
348	
<u>Wilmington</u>	
350 Colora: Mt. Pleasant	5,000.00
351 North East-Bay View	7,680.00
352 Wilmington: Mt. Salem	<u>3,868.00</u>
353	
354 Total General Fund Support	\$87.838.00

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357		
358	<u>Dover</u>	
359	None	
360		
361	<u>Easton</u>	
362	Greensboro-Burrsville	5,000.00
363		
364	<u>Salisbury</u>	
365	None	
366		
367	<u>Wilmington</u>	
368	Principio	<u>834.00</u>
369		
370	Total Special Fund Support	\$5,834.00

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372		
373	<u>Key Leadership</u>	
374	<u>Dover</u>	
375	Felton-Viola	2,500.00
376	Milton: Goshen	1,184.00
377		
378	<u>Easton</u>	
379	Chestertown-Pomona	1,600.00
380	Preston-Hurlock	2,500.00
381		
382	<u>Salisbury</u>	
383	Pittsville-Willards	1,000.00
384	Princess Anne: Metropolitan	1,600.00
385	Snow Hill: Bates Memorial	3,200.00
386		
387	<u>Wilmington</u>	
388	Wilmington: Peninsula-McCabe	<u>5,000.00</u>
389		
390	Total Key Leadership Support	\$18,084.00

CONFERENCE BOARD OF TRUSTEES

396 The Conference Board of Trustees is charged by The Discipline of The United Methodist
 397 Church to hold in trust financial assets and invest them according to the Social Principles;
 398 hold in trust real and personal property of Conference churches and agencies; buy, sell,
 399 transfer, and convey property; and provide adequate insurance for all Conference
 400 properties. In 2013 the Peninsula-Delaware Conference Board of Trustees actively pursued
 401 all of those things.
 402

403 **Leadership:** Trustees officers:
404 President, Ginger Brannock
405 Vice President, Candy Miles
406 Secretary, Earle Baker
407 Treasurer, Bill Westbrook

408 Other Trustees are: William Bazelle, Sonja Brown, Jeff Hayes, David Humphrey, Pam Lewis,
409 Walter Palmer, and Shirlyn Brown, Director of Connectional Ministries. Franklin Hendricks
410 and Helen Lockwood began terms on the Board of Trustees during 2013, and bring their
411 own unique skills and gifts to this ministry.
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413 **Investments:** The Conference Trustees are responsible for maintaining 17 investment
414 funds valued at over \$1,450,000. All funds are restricted to specific ministries and/or
415 churches except the General Fund.
416

417 **Conference Property:**

- 418 • **Camp Pecometh, Bookers Wharf Road, Queen Annes Co. MD:**
 - 419 – Camp Pecometh was able to refinancing their mortgage to gain a better
420 interest rate with a loan from **The Board of Child Care.**
 - 421 – Camp Pecometh applied for and received a **\$200,000 grant for shoreline**
422 **conservation.** They will be installing 200 feet of 'living shoreline' in front of
423 Fellowship Hall.
 - 424 – **Delmarva Power** requested an electric easement along the southern
425 property line. It was granted.
 - 426 – The Trustees approved a request from **Glatfelter** (a specialty timber and
427 paper company) to thin trees and purchase timber rights at Camp Pecometh.
- 428 • **Easton District Parsonage, Easton, Talbot Co. MD.** The tenant in the parsonage
429 left in February, and new tenants arrived before July.
- 430 • **Salisbury District Parsonage, Salisbury, Wicomico Co., MD.** The parsonage,
431 built in 1955 is in need of major repairs including a new HVAC system for the whole
432 house, window replacement, a new roof and many other upgrades. The District
433 Parsonage is in a desirable neighborhood, on Camden Ave. opposite Asbury UMC.
434 The Trustees voted to sell the Salisbury District Parsonage 'as is.'
- 435 • **Wilmington District Parsonage, New Castle Co., DE.** The parsonage was rented
436 to a conference staff person. When he left to serve in another conference the
437 parsonage was rented to another conference staff person.
438

439 **Abandoned Property:**

- 440 • **Bethany UMC, Lowes Crossroads, Sussex Co., DE:** The property is listed for
441 sale. It has being rented to Refreshing Fountain Ministries for \$1,000 per month
442 with the option to buy for \$149,000. We are insuring it for fire and liability, and they
443 are insuring for contents and liability. They are current on their rent.
- 444 • **Crapo Church & Parsonage, Crapo, Dorchester Co., MD:** The property consists
445 of almost 6 acres that includes a church, parsonage and cemetery. It has been
446 subdivided so the parsonage can be sold independent of the Church and Cemetery.
447 There appears to be local interest in forming a Cemetery Committee.

- 448 • **Eldorado UMC, Eldorado, Dorchester Co., MD:** The abandoned Eldorado UMC
449 was transferred to the Eldorado Memorial Cemetery Association, who sold the pews
450 and other furnishings to offset the cost of demolition.
- 451 • **Site of John Wesley UMC, Chestnut Grove, Caroline Co., MD:** The land was
452 transferred to Mrs. Lillie Johnson, a descendant of the original owner.
- 453 • **Mt. Pleasant UMC, Christiana, New Castle Co., DE:** The church was declared
454 abandoned in November 2012. The property was sold for \$50,000 to a church in
455 Baltimore. We are holding the mortgage for 45 months at 6% interest.
- 456 • **Mt Salem UMC, New Castle, New Castle Co., DE** was declared abandoned in
457 2012. Built in 1840 the property is within the New Castle Historic District, and may
458 be eligible for historic preservation funds.
- 459 • **Union Asbury UMC, Crisfield, Somerset Co., MD** was declared abandoned when
460 the congregation could no longer pay their insurance. It was deconsecrated as a
461 house of worship and consecrated as a housing center for Volunteers in Mission. The
462 property was rented to the UMCOR Recovery Committee to house Volunteers in
463 Mission teams for up to two years. The Recovery Committee retrofitted the building
464 for housing needs. UMCOR plans to invest \$2,500 per house in 350 Somerset
465 County houses that were damaged by Hurricane Sandy.
- 466 • **Abandoned Cemeteries:** We need a Conference-wide plan going forward. It would
467 be helpful for the Conference Board of Trustees to have a Conference Cemetery
468 Committee, with subcommittees on each district. **The Easton District Board of**
469 **Church Location and Buildings,** seeing the same need, has proposed there be a
470 District Board of Trustees to manage abandoned church properties and cemeteries.

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472 **Other Property:**

- 473 • **Union United Methodist church, Bear, New Castle Co., DE:** The congregation
474 holds a mortgage for construction of education facilities to be used for day care
475 during the week. When they lost their tenant, they were at risk of default.
476 Fortunately with good pulpit supply from Rev. Michael Johnson, the refinancing of
477 their loan at a lower rate, and a new daycare tenant, the congregation is no longer at
478 risk of default.

479
480 **Other Business**

- 481 • **Bequest:** The Conference received a restricted bequest of \$53,000 from the estate
482 of Earl Wesley Everline to support the Congo Partnership. The Trustees voted to
483 receive the bequest and use it as directed.
- 484 • **DelDot:** The Trustees monitored a proposal by the Delaware Department of
485 Transportation to change the off ramp of Route 7, over our concerns for Christiana
486 UMC, the local Fire Department and the Route 7 Consortium.
- 487 • **The Easton District Board of Church Location and Buildings** has proposed
488 there be a District Board of Trustees to manage abandoned church cemeteries.
- 489 • **Poole Fund:** A grant of \$5,000 from the Poole Fund was made to Connections
490 Community Church in Middletown for their Education Ministry
- 491 • **UMCOR:** In January 2013 Bill Westbrook reported that \$10,000 in Hurricane Sandy
492 disaster aid from UMCOR had been given for relief efforts in Somerset County,
493 Maryland

494
495 **Litigation:** BACKGROUND: In the wake of clergy sex abuse in the **Wilmington Diocese**,
496 Governor Ruth Anne Minner lifted the statute of limitations allowing old claims to be filed.
497 Two misconduct cases were filed against Conference Churches for alleged misconduct in
498 New Castle Co, in the mid 1960's.

- 499 • One involved a lay staff person, and the other, a church hired clergy person who was
500 not United Methodist. In 2012 the Peninsula-Delaware Conference was removed
501 from the misconduct case dating to 1965.
- 502 • The second case dating to 1968 was settled for \$15,000.

503 It cost the Conference \$40,268 to litigate these two claims. The money was advanced by
504 the Conference. One half is to be paid back by the churches.

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506 Respectfully,
507 Earle N. Baker, Secretary

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511 **CONFERENCE COUNCIL ON FINANCE AND ADMINISTRATION (CCF&A)**

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513 In 2013 we sadly accepted the resignation of Robert W. Kirby both as Secretary and as a
514 member of the committee. Bob was assigned to a charge in the Eastern Pennsylvania
515 Conference in 2012, but continued to attend and serve faithfully as Secretary through 2013.
516 Newly elected officers were Alice Ervin as Vice-President and Lisa Hastings as Secretary.

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518 Finance and Administration highlights for the year included the report on funding of our
519 liabilities for pensions and retired clergy health care, and participation with the Cabinet and
520 a Partnership Team from the General Council on Finance and Administration to improve
521 receipts received on the Covenant Funding Plan apportionments. The report on funding of
522 liabilities contains an actuarial calculation, updated bi-annually, and showed for the first
523 time that as of year-end 2012, all Conference future liabilities for Pensions and health care
524 are fully funded. This had implications for our handling of the 2013 year-end shortfall, and
525 for the recommended 2014 and 2015 Covenant Funding Plans as discussed below. The
526 dialogue with the Cabinet and GCF&A resulted in an action plan that the Cabinet has been
527 working on to improve local church's ability to meet their Covenant Funding Plan
528 obligations.

529
530 Total 2013 Covenant Funding Plan receipts were \$4,790k. This was \$19k less than received
531 in 2012, and \$307k below the expected receipts. The first \$198k of the shortfall was
532 covered by utilizing fund balances from Boards and Agencies which at year end 2012 were
533 in excess of 10% of the annual budget for that Board or Agency. Review of these year end
534 balances is a standard part of the annual budgeting process. Boards and Agencies with
535 reasons to support maintaining the excess balance are not affected. The balance of the
536 shortfall was covered by eliminating the \$110K allocated for Pre-82 Pension funding. As
537 described above, it was confirmed during the year that the unfunded liability was zero.

538

539 A significant concern during the year was Camping and Retreat Ministries' finalization of the
540 mortgage and funding of the start-up costs for the new Riverview Retreat Center at
541 Pecometh. Although Camping and Retreat Ministries is a separate legal entity from the
542 Conference, the Conference is among the guarantors for the loan for the new Retreat
543 Center. Hence we have both a legal and a moral obligation to stay abreast of developments
544 and assure that the Retreat Center achieves a sound financial position. Camping and
545 Retreat Ministries was successful in negotiating with the Methodist Board of Child Care
546 (BOCC) to fund the mortgage for the Retreat Center. The BOCC was not in a position,
547 however, to fund the estimated \$500k needed for the first two years of start-up operating
548 cost. After much prayer and deliberation, CCF&A concluded that it would be in the best
549 interest of all parties to re-direct \$320k of the 2014 Covenant Funding Plan from the Board
550 of Pensions to Camping and Retreat Ministries to cover the needed 2014 start-up costs.
551 This re-allocation is made possible by the finding that Pension and Health Care liabilities are
552 fully funded as described above. A resolution to implement this change to the Covenant
553 Funding Plan will be presented at Annual Conference in 2014.

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555 For 2014, a Covenant Funding Plan totaling \$4,942k was developed, recommended, and
556 approved by Annual Conference. This represents a decrease of \$156k from the 2013
557 Covenant Funding Plan, but \$133k more than was received in 2012 and 152k more than
558 2013 receipts. The amount to be apportioned to the local churches, \$5,650,000 (before
559 adjustments) was reduced \$100k from the amount apportioned in 2013. The underlying
560 assumption remains that the economy will gradually improve and additional local churches
561 will be able to fulfill their full share of Covenant Funding support. Annual Conference
562 apportionment adjustment requests, including for mission churches, totaling \$241,437 have
563 been approved for 2014.

564
565 **Goals for 2014/2015:**

566 Continue to work collaboratively with all conference leaders, boards and teams so that
567 ministries of the annual conference will be successful and can fully witness for Christ.

568
569 Recommend for annual conference adoption a plan for anticipated income and expenditures
570 for 2015 which will support the conference in achieving its mission.

571
572 Carry out the administrative responsibilities as set forth in the Discipline, including a
573 comprehensive audit of accounts and accounting processes. Within this area, CCF&A will
574 perform all additional and specific administrative and fiscal functions and services as the
575 conference may from time to time require.

576
577 CCF&A will respond to broader challenges and needs that are identified by GCF&A (General
578 Council on Finance and Administration).

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581 Respectively,
582 John D. Halberstadt
583 President

Alice J. Ervine
Vice President

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THE PHILADELPHIA AREA COMMITTEE ON EPISCOPACY

This joint committee of the Philadelphia Episcopal Area consists of members from both the Peninsula-Delaware and Eastern Pennsylvania Conferences. The membership includes both laity and clergy and has representatives from all of the districts of the Episcopal area. The committee elected the following persons as its leaders: Kevin Goodwin from the Peninsula-Delaware Conference is Chairperson, Evelyn Kent Clark from Eastern Pennsylvania as Vice-Chair, and Rev. Linda Mariner as Secretary.

The committee meets twice a year with Bishop Johnson. Some meetings are joint meetings, others are meetings where each conference has some time with the Bishop alone and then both are together. Both have proven to be very effective.

- The functions of the Episcopal Committee are:
- To support the Bishop in the oversight of the spiritual and temporal affairs of the Church.
 - To be available to the Bishop for counsel.
 - To assist in the determination of the Episcopal needs of the area.
 - To make recommendations to appropriate bodies.

The main task of the Committee in 2013-14 is to develop guidelines to evaluate and help Bishop Johnson in her role as our Bishop. The NEJ Episcopacy Committee is also working on methods of evaluation that will help us in this task.

We thank both Conferences for their spiritual, emotional and financial support of the Bishop and the Episcopal Office, as she gives leadership to the almost 1000 churches in our area, and is involved in so many other areas of the larger Church and the world.

Respectfully,
Kevin Goodwin
Chairperson

Rev. Evelyn Kent Clark
Vice-Chairperson