

VI. Reports

A. Cabinet

Purpose

The Cabinet of the Indiana Conference, consisting of the Bishop and 10 District Superintendents, “**oversees** the ministry of appointed clergy and congregations in making disciples of Jesus Christ for the transformation of the world. AND IN DOING SO, DIRECTLY OR THROUGH DELEGATION, **provides** spiritual and pastoral leadership to clergy and laity, together with a team of clergy and laity within each region, district, and/or cluster; **supervises** elders, deacons, and pastors, in conjunction with staff/pastor-parish relations committees with whom they work, in order to develop leaders who are focused, effective, and accountable; **cultivates** candidates for ordained ministry in correlation with the congregation, the District Committee on Ministry, and the Conference Board of Ordained Ministry; **administers** those matters that are essential to the development and efficient functioning of new as well as established congregations in the district, with appropriate utilization of highly competent staff, and a prudent reliance on available resources; **collaborates** with program units in districts and conference, AND IN ORDER TO DETERMINE WHERE CLERGY WILL SERVE, **exercises responsibility** for the appointment of pastors to congregations in cooperation with other district superintendents and under the supervision of the bishop”(from the *Imagine Indiana* document).

2009-2010 Accomplishments

The last conference year has been characterized by transition and change. We began the year with 18 districts, 18 district superintendents (3 part time), 18 district assistants with independent administrative procedures and 18 budgets. We end the year with 10 District Superintendents, 5 Associate District Superintendents, 10 District Centers (many in new locations), 10 District Assistants (interviewed and hired as Conference employees), 1 telephone and IT system that is linked with the conference system, and a new culture of being administratively linked together for information sharing. We also organized the 10 new districts. This included holding 10 district conferences, creating 10 district budgets, and electing leaders for each district. This was a major accomplishment in the midst of the continuing supervision, cultivation, and oversight of clergy and churches. We are learning new ways of doing our work with the commitment to be faithful to our ministry of superintending.

Let me be clear, we have not yet arrived. Paul writes in Philippians 3, “Not that I have already reached the goal; but I press on to make it my own, because Christ Jesus has made me his own.”

The Cabinet continues efforts to become more effective and efficient in our ministry. We are working with a District Team that includes district staff, deployed conference staff, and lay leadership. We are successfully working in partnership with the Conference Directors to lead the Indiana Conference. We are developing ministry relationships with the Boards and Agencies of the Annual Conference.

We are thankful for the leadership given by Bishop Coyner, and the Rev. David V.W. Owen, and their staff. We are confident that the year ahead will be fruitful in the mission of making disciples of Jesus Christ for the transformation of the world.

All our recommendations are in the cabinet resolutions.

Cindy Reynolds, Chair

B. Camping Team

Purpose

The Camping ministry of the new Indiana Conference is much more than just the sum of the previous conference camping ministries; our purpose is to make disciples of Jesus Christ by providing excellent camping programs, retreat opportunities, and facilities that serve the local churches in our Conference.

We have begun to work toward this purpose by establishing a structure of administration based upon the best practices of non-profit agencies and Christian camping ministries around the nation. This structure will ensure a ministry that is viable, accountable, affordable, and effective by establishing partnerships with some of the most skillful lay people and clergy in our conference.

What has been created is a Team that will be comprised of 15 members elected by the Annual Conference. Team members are expected to provide philanthropic leadership; assist in the creation and implementation of the strategic plan; ensure adherence to the mission and core values; provide financial oversight to ensure fiduciary integrity; and monitor and guide the “Executive Director” of the Camping Ministry. The Team will function with three key subcommittees: Finance and Audit, Communication and Development, and Program Advisory. The Chairpersons of each committee along with the Secretary and Chairperson will make up the Executive Committee.

A Governance Committee has been established to further develop the structure of the Camping Team.

The Camping Team has been active during this transition year by enacting some standard operating procedures to guide its work. These include adopting the Conference Financial Policies; meeting with a private consultant to develop the vision and mission of the ministry; and developing the job description and search for an “Executive Director,” which will be completed by the fall of 2010. The Team also has toured each of the properties, and is evaluating them as well as the programs of the Camping Ministry.

In the coming year it is our goal to establish a clear vision, a captivating purpose, and a strategic plan that will not only continue the legacy of camping and retreat ministry of this conference, but will take it to a level of excellence and effectiveness that we have never before achieved in order to make disciples of Jesus Christ for the transformation of the world.

Chris Nunley, Chair

C. Campus Ministry Affinity Group

We extend thanks to all the congregations that helped make the campus ministries possible this year! Thank you for being our partners in ministry.

Our Purpose: Ministering on Indiana campuses to make disciples of Jesus Christ for the transformation of the world.

Goals for 2011:

1. Increase connections with local churches
2. Continue providing risk-taking mission opportunities and leadership training
3. Increase worship and bible study attendance
4. Increase collaboration between the campus ministries
5. Explore additional opportunities for young adult ministry and leadership development
6. Support the process of rebuilding the Wesley Foundation in Bloomington to serve Indiana University and Ivy Tech

Your gifts at work (representing highlights from the listed campus ministries):

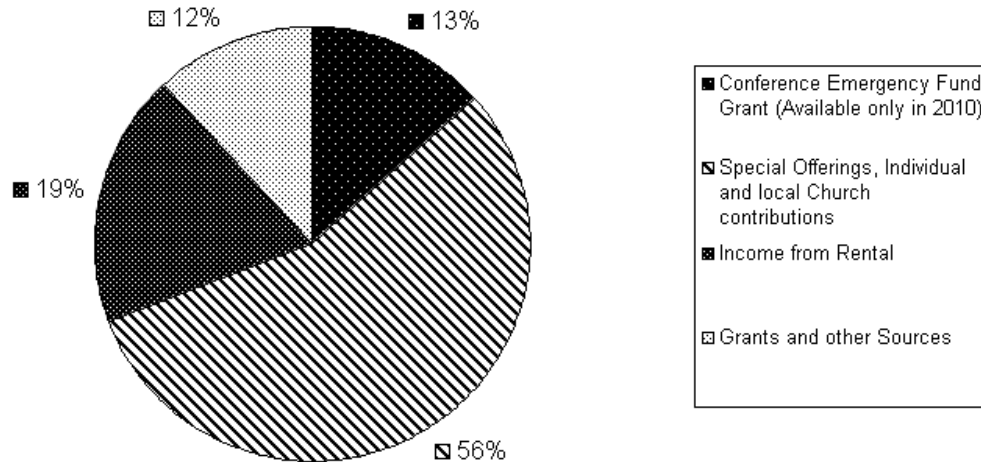
- Number of students who went on local or international missions this year: 535
- Total Weekly Worship Attendance: 355
- Total Bible Study Participants: 445 people within more than 17 small groups
- Young Adult/Student Interns:12
- Total in special Campus Ministry Leadership training: 69
- Destinations for Non-Local missions: Mississippi, Illinois, Washington D.C., Appalachia, Louisiana, Michigan, N. Ireland, India, France, Panama City, Congo, and Sierra Leone.

Finances:

Combined Budget of the 4 affiliated campus ministries (does not include chaplaincies or Ball State College Connection which is a ministry of College Avenue UMC): \$481,440

The budget includes the salary of a United Methodist ordained elder or lay leader, facility costs, other staffing, equipment, bible study materials, and other ministry-associated costs.

Chart of Campus Ministry Funding Sources*



*Notes: The Ball State College Connection at College Avenue and the UMC-affiliated universities are not included as their budgets are embedded in the larger budget of the church/institutions. The special offerings income includes

the state-wide Annual Conference approved special offering in addition to individual and local church contributions from existing relationships of the campus ministries.

Recommendations

1. Whereas 69% of Campus Ministry funding depends on Conference or Special Offering contributions, and 2011 will include a 13% decrease in funding due to the non-renewal of the Conference Emergency Fund, the Campus Ministry Affinity Group and individual affiliated campus ministries request a continuation of the Indiana Conference Special Offering for Campus Ministries in February of 2011.
2. The Campus Ministry Affinity Group requests that the 2010 Annual Conference give Advance Special Designation to each of the following United Methodist affiliated campus ministries:
 - Vincennes University Campus Ministries Center
 - United Campus Ministries of Terre Haute (serving Indiana State, St Mary-of-the-Woods, and Rose Hulman)
 - Purdue United Methodist Student Ministry (Wesley Foundation)
 - College Connection at Ball State University
 - Greater Fort Wayne Campus Ministry (serving IPFW and Indiana Tech)
 - The Wesley Foundation of Bloomington, Indiana, serving Indiana University and Ivy Tech.

D. Church Development

The prophet Isaiah's words, "See, I am doing a new thing!" continue to apply to us today—as a conference and in our conference's area of Church Development. Over the past year, under the direction of Rev. Mark Gough, Church Development has been forming a new staff team, a new Church Development Committee, and new resources for the purpose of helping start new congregations and revitalizing our existing ones.

The Church Development staff team now consists of the following full-time professionals:

- Steve Clouse, steve.clouse@incumc.org – serving in the Northwest and West districts.
- Ed Fenstermacher, ed.fenstermacher@inumc.org – serving in the North, Northeast, and East (north of SR 36) districts.
- Mark Gough, mark.gough@inumc.org – serving in the North Central, Central, Southwest, and East (SR 36 and south) districts, as well as director of the team.
- Sharon Washington, sharon.washington@inumc.org – serving in the South and Southeast districts.

In addition, Rev. Doug Anderson is serving as a part-time staff person assisting in training cluster group leaders and working with our largest churches. All five of these staff persons not only have their specific areas of responsibility but they also work as a team for the whole state.

The team has continued to develop the plan shared at the previous Annual Conference session. It has developed and conducted workshops for churches interested in starting new worship services, developing off-site congregations, and vital mergers. It has also developed a toolbox of resources called Fruitful Congregations that are specifically designed to help churches more effectively carry out their mission to make disciples of Jesus Christ for the transformation of the world. Furthermore, the team continues to provide churches with on-site consultations, demographic resources, as well as other help. Finally, this team is working hand-in-hand with the Bishop and District Superintendents in a comprehensive Church Development effort.

The Church Development Committee has been active this past year developing new policies and procedures for encouraging churches to start new worship services, off-site congregations, vital mergers, relocations, and new churches. Grants are being offered to conference churches interested in pursuing any of these efforts. Details, including grant applications, are available at the Church Development section of the conference website, www.inumc.org.

In the past year, the committee has given a \$100,000 grant to The Movie Theater Church (former second site of Old Bethel UM Church in Indianapolis) to form as a stand-alone United Methodist church. The committee also offered Merrillville UM Church, which is selling its building and restarting much like a new church, a \$100,000 short-term loan. The committee has given new worship service matching grants to Windfall UM Church and Tracey UM Church. Church Development has also given a relocation grant to Otterbein UM Church to help in the relocation of the church. We continue to support The Compass Church (second site of Selma UM Church) and Getsemani UM Church (new Hispanic church in Fort Wayne.) The committee hopes to offer additional grants in this conference year for strategic initiatives like these.

Finally the Church Development area celebrates the work of Old Bethel UM in Indianapolis and First UM Church in Valparaiso. Several years ago, both churches took the courageous steps to start new off-site congregations—one meeting in a movie theater, the other in the basement of a downtown restaurant. Senior pastors Rev. John Abbott at Old Bethel and Rev. Dave Byrum at Valparaiso First took on associate pastors Revs. Ethan Maple and Kurt Nichols respectively and together they helped launch new campuses intentionally designed to reach unreached persons in their communities.

As a result, Old Bethel's off-site campus, called the Movie Theater Church, and Valparaiso First's New Song campus have done just that. They now average around 200 in weekly worship. Now, at this coming Annual Conference session, these two campuses will be constituted (chartered) as United Methodist churches. We welcome these two new churches into our family and wish them God's continued blessings!

We also want to especially thank all those who helped this to happen—both Old Bethel and Valparaiso First churches, pastors Abbott and Byrum, church planters Maple and Nicholas, both the old and new members of these congregations, and those from the former North and South Conference committees that provided grants for these two efforts. May many persons continue to come into a closer relationship with Christ as a result, and may each of these new churches' communities be transformed even more because of their existence. And finally, may God continue to do a new thing here in our conference by raising up more such churches.

Mark Gough, Director of Church Development

E. Communication Team

Purpose

The Indiana Communication Team connects clergy, laity, congregations, clusters, annual conference members and the general church through a full range of media – both within and beyond the church. In 2009, a new Indiana Conference Web site (www.inumc.org) was designed to become the primary communication tool for the conference. The broadest audience remains with the nine-issue *Hoosier United Methodists Together* newspaper mailed to more than 13,000 clergy and congregational lay leaders, as well as 1,000 paid subscribers, and the electronic version of *Together* posted on the conference Web site. External communication includes media alerts and releases, and interviews with public media reporters. Your Communication Team also advises pastors during a crisis by coaching them on their responses to public media.

The Team is composed of Director Dan Gangler, Communication Assistant Erma Metzler and half-time Assistant Roscel Carandang.

Publishing/Together

During 2009, the team:

- Implemented the new Indiana Conference Web site as a center of information and resources for the 1,200 United Methodist congregations of Indiana;
- Published nine issues of the *Hoosier United Methodists Together* newspaper;
- Published a weekly Friday e-newsletter, e-vents, a Monday Mission Opportunities listing, a weekly E-pistle column by Bishop Coyner, plus announcements sent to online subscribers;
- Published the *Daily HUM News* at annual conference sessions, notified media and provided photos for the Conference Journal. Daily session reports were posted on the Conference Web site.

Public Relations

- Special events are promoted internally and through public media. We continued coverage of anti-gambling advocates and organizations who support a comprehensive smoke-free workplace law statewide.
- WICR includes a Sunday, 60-second United Methodist Newsbreak program that I write.
- The communication team creates both print and electronic promotional materials for the Bishop's Christmas Offering for Children.

In the next year the Communication Team will:

- Continue publication of the *Hoosier United Methodists Together*.
- Assist other conference ministries in videography and uploading video clips onto the conference Web site, and in Web casting events including the plenary sessions of annual conference.
- Continue to publish *e-HUM*, an electronic weekly Friday e-newsletter, e-vents list, Monday Mission Opportunities (now in conjunction with Mission and Advocacy Team) and upload Bishop Coyner's weekly E-pistle.
- Expand and promote the use of the new Indiana Conference Web-site www.inumc.org.
- Host one-day communication workshops on welcoming and marketing.
- Continue production of a one-minute weekly news brief for WICR at UIndy.
- Work with the new conference directors in serving the 10 new districts and their congregations with a Web presence on the conference Web site.

Daniel R. Gangler, Director

F. Council on Finance & Administration

Purpose

To develop, maintain and administer a comprehensive and coordinated plan of fiscal and administrative policies, procedures, and management services to insure that resources are available to accomplish the vision, mission and ministry of the Indiana Annual Conference.

2009 Financial Summary:

		Total	
2009 Income			
	Local Church Tithe	11,969,232	
	Tithe Plus (2%)	1,724,938	
	Total Income	13,694,170	
2009 Expenses		13,716,360	
	2009 Budget Surplus/(Deficit)	(22,190)	

55.90% of our General Church obligations were paid in 2009.

We now know that much of the budget shortfall was a result of issues with our new local post office boxes set up for each district. Many churches made a strong effort to get their 2009 year-end gifts in by the deadline, but due to problems with the mail processing, many checks were delayed. We have changed that process so that local church gifts now go directly to our bank lockbox.

2011 Overview

The 2011 budget proposal includes the following components;

1. The local church will be asked to continue to tithe to the Annual Conference. In addition to the tithe, the local church will be asked to pay a % of their tithable income towards District Budgets. District Budgets will be set and approved by District Conference.
2. For 2011, the Indiana Conference is committed to paying **at least** 90% of our General Church obligations. If all local churches are able to pay a full tithe to the Conference these obligations will be fully met. By 2012, we are committed to meeting this obligation at 100%.

Recommendations

1. We recommend the Conference Financial Policies be adopted.
2. CF&A recommends that the Indiana Conference approve CFA's proposal to inform every UM congregation in Indiana of their 2010 and 2011 General Church Apportionments via the Indiana UM website.
3. CF&A recommends the 2011 Annual Conference Budget as presented below.

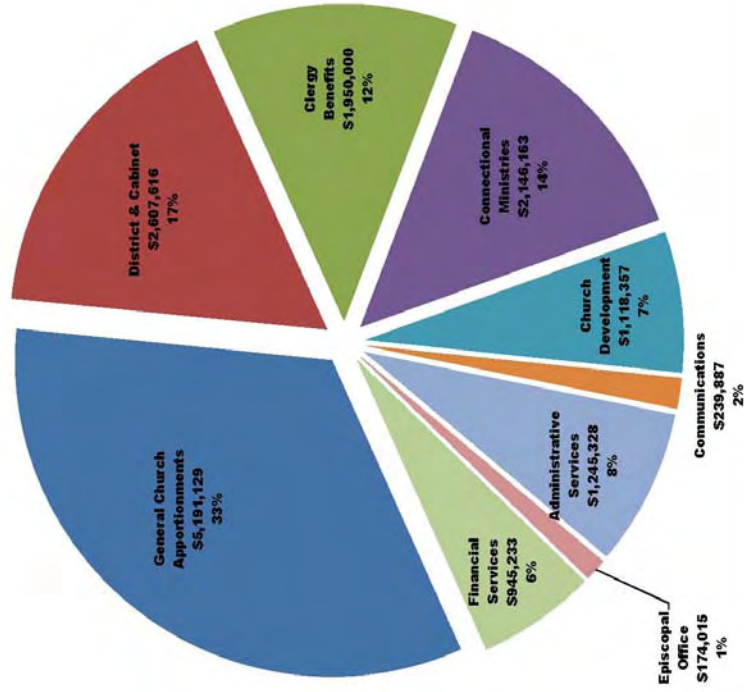
Indiana Conference of the United Methodist Church
2011 Budget Proposal and Spending Plan

Tithable income of local churches as reported on 2009 Table III \$ 177,700,000
Estimated tithes to the Annual Conference \$ 17,700,000

<u>Actual 2009 Giving</u>	
Tithe	12,969,232
General Church	1,974,938
District- approx	1,100,000
	<u>16,044,170</u>

	2010	Change
INCOME		
10% Tithe - estimated to be received from local churches	\$ 14,200,000	400,000
District Support (determined by each district)	1,420,000 **	40,000
TOTAL INCOME	\$ 15,620,000	440,000
		3%
EXPENSES		
General Church Obligations (\$5,767,921 * 90%)	\$ 5,191,129	465,518
District Expenses		
Cabinet Compensation	\$ 1,187,616	28,296
District Budgets - pass through to district budgets	1,420,000 **	40,000
Total District Expenses	2,607,616	68,296
Pension and Insurance		
Retiree Health Insurance Subsidy	1,500,000	-
Debt Retirement - PTLP Retro Enrollment	450,000	-
Total Pension and Insurance	1,950,000	-
Conference Budgets		
Connectional Ministries	2,146,163	(29,437)
Church Development	1,118,352	(15,448)
Communications	239,887	(5,000)
Administrative Services	1,245,328	(17,572)
Episcopal Office	174,015	(2,385)
Financial Services	945,233	(12,967)
Total Conference Budgets	5,868,978	(82,809)
TOTAL EXPENSES	\$ 15,617,723	451,005
Budget Surplus/(Deficit)	\$ 2,277	3%

2011 Expense Budget Proposal



**Indiana Conference of the United Methodist Church
General Church Apportionments
2011 Draft Budget Proposal**

Note: The budget of The United Methodist Church is determined by General Conference for a four-year period or quadrennium. Allocations of apportionments to this budget are made yearly to each Conference by GCFA (the General Council on Finance and Administration). Those allocations are based in part by the changing economy of a region, so our General Church apportionments are less in 2011 than 2010.

Note: The CCFA (Conference Council on Finance and Administration) of the Indiana Conference has chosen to include these General Church apportionments within the Title Budget of the Indiana Conference. Approximately 3% of the 10% title is allocated for this purpose. If all churches pay their title in full, based upon their 2009 title income, the Indiana Conference will be able to pay these General Church apportionments in full.

	2011	2010
GENERAL CHURCH APPORTIONMENTS OF THE INDIANA CONFERENCE		
World Service Fund supports the basic denominational work of the UMC around the world, including all general agencies	\$ 2,985,095	\$ 3,056,509
Ministerial Education Fund supports our United Methodist seminaries, seminary grants to our UM candidates attending any seminary, and 25% remains in the Indiana Conference for the continuing education of our pastors	1,008,438	1,046,327
Black College Fund supports the educational ministry of our historic African-American Colleges in the United States	402,248	417,421
Africa University Fund supports the Africa University which trains UM leaders for over 30 countries on the continent of Africa	90,026	93,422
Episcopal Fund supports the work of our UM bishops around the world, including in those regions where they cannot afford the costs of providing their own bishop, also includes the retirement and health insurance benefits for many retired bishops and surviving spouses	837,798	840,724
General Administration Fund supports the general administration costs of running the denomination, including the infrastructure which allows Advance Special giving to go 100% to those projects designated by the donors	325,735	331,176
Interdenominational Cooperation Fund supports our ecumenical cooperation, including the work of the General Commission on Ecumenical and Inter-religious Concerns, and our cooperative work with other Methodist denominations around the world	76,581	81,434
TOTAL	5,727,921	5,867,013
North Central Jurisdiction Apportionment supports the work of our North Central Jurisdiction which meets every four years to elect and assign bishops	40,000	40,000
TOTAL OF GENERAL AND JURISDICTIONAL APPORTIONMENTS	\$ 5,767,921	\$ 5,907,013

**Indiana Conference of the United Methodist Church
 Connectional Ministries
 2011 Draft Budget Proposal**

	2011	2010
Staffing (Director, 4 FT Associate Level, 2 PT)	\$ 667,163	\$ 705,600
Operations Expense	35,000	35,000
Program		
Advocacy	20,000	20,000
Discipleship	20,000	20,000
Mission	20,000	20,000
Youth	20,000	20,000
Young Adult	10,000	20,000
Campus Ministry	10,000	-
Emerging Ministry	100,000	200,000
Total Program	\$ 200,000	\$ 300,000
Other Projects		
Camping	760,000	750,000
Board of Ordained Ministry	200,000	200,000
Annual Conference Session	200,000	180,000
Media Center	6,000	5,000
Archives	78,000	-
Total Other Projects	\$ 1,244,000	\$ 1,135,000
TOTAL EXPENSES	\$ 2,146,163	\$ 2,175,600

**Indiana Conference of the United Methodist Church
 District Expenses
 2011 Draft Budget Proposal**

	2011	2010
Cabinet Compensation <i>paid from Conference Tithe</i>		
District Superintendent (salary and housing)	\$ 1,006,800	\$ 986,000
DS Insurance & Pension	180,816	173,320
Total Cabinet Compensation Expense	1,187,616	1,159,320
District Expenses <i>funded by District Support</i>		
District Expenses	1,360,000 *	1,380,000
Cabinet Insurance	60,000 **	0
Total Expenses Funded by District Support	1,420,000	1,380,000
Total District Expenses	\$ 2,607,616	\$ 2,539,320

* This is an estimate of 2011 District Support used for District Budgets. All Districts set their own budget amounts and giving %'s.

** 2011 Budget proposal shifts \$60,000 additional cost to be paid from District Support. This figure represents 50% of the employer portion of DS health insurance

**Indiana Conference of the United Methodist Church
Church Development
2011 Draft Budget Proposal**

	<u>2011</u>	<u>2010</u>
Staffing		
Director (salary and housing)	\$ 100,680	\$ 98,600
Associate Level (3)	199,582	197,200
Part-time (2)	57,832	47,000
Consultants	30,000	30,000
FICA	17,181	10,000
Insurance	48,000	60,000
Pension	31,877	42,000
Travel, Meals, Lodging & Cell	58,000	56,000
Vehicle Depreciation	32,500	32,500
Continued Education	7,500	10,500
Total Staffing Expense	<u>583,152</u>	<u>583,800</u>
Ministry Support		
Missioninsite	13,200	12,000
Hispanic Ministry	3,000	5,000
Strengthening the Black Church Ministry	2,000	5,000
Other Ethnic Ministry	2,000	5,000
Staff Communication and Transportation	30,000	23,000
Total Ministry Support Expense	<u>50,200</u>	<u>50,000</u>
Outreach Support		
New Church Fund	255,000	260,000
Planter Training	20,000	20,000
Multi-Site Grants	120,000	120,000
Worship grants	40,000	50,000
Relocation Grants	50,000	50,000
Total Outreach Support Expense	<u>485,000</u>	<u>500,000</u>
TOTAL EXPENSES \$	<u><u>1,118,352</u></u>	<u><u>\$ 1,133,800</u></u>

**Indiana Conference of the United Methodist Church
Communications
2011 Draft Budget Proposal**

	<u>2011</u>	<u>2010</u>
Staffing		
Director (salary and housing)	\$ 100,680	\$ 98,600
Communications Asst.	39,845	39,845
FICA, LTD & STD	8,475	8,475
Insurance	20,282	20,282
Pension	14,385	14,385
Travel, Meals, Lodging & Cell	5,700	5,700
Total Staffing Expense	<u>189,367</u>	<u>187,287</u>
Operations Expense		
Meeting Expense	1,000	2,000
Public relations	1,000	1,000
Printing & Copying	3,000	3,000
Web hosting, storage, design	4,000	4,000
Web casting, archiving	3,000	3,000
Total Operations Expense	<u>12,000</u>	<u>13,000</u>
Together Publication		
Handling/Addressing	5,500	6,500
Mailing/UPS	29,520	33,600
Printing	19,000	20,000
Professional Assistance	1,500	1,500
Subscription Promotion	3,000	3,000
Subscription income & contributions	(20,000)	(20,000)
Total Together Publication Expense	<u>38,520</u>	<u>44,600</u>
TOTAL EXPENSES \$	<u><u>239,887</u></u>	<u><u>\$ 244,887</u></u>

**Indiana Conference of the United Methodist Church
Administrative Services
2011 Draft Budget Proposal**

	<u>2011</u>	<u>2010</u>
Staffing		
Director (salary and housing)	\$ 100,680	\$ 98,600
Asst. Director of Office and Conference Svcs	60,000	64,000
IT Services	75,000	35,000
Benefits Assistants (3)	115,000	115,000
Paid from Benefit direct billing	(115,000)	(115,000)
Secretarial Pool/Support Personnel (5)	185,000	185,000
Camp Registrar (.5)	8,000	-
Health Insurance	48,000	120,000
Pension/Death and Disability	55,000	75,000
FICA/Med	30,000	39,000
Cell Phone	2,400	-
Vehicle Depreciation	12,500	12,500
Travel, Meals, Lodging & Cell	15,000	16,800
Training	10,000	10,000
Miscellaneous	5,000	5,000
Total Staffing Expense	\$ 606,580	\$ 660,900
Services		
Office Operations		
Office Supplies	21,000	18,000
Telephone	18,000	18,000
Postage	68,000	60,000
Printing & Copying	27,000	20,000
Equipment Lease/Mntce/Purchase	77,748	59,000
Building Lease	250,000	250,000
Total Office Operations Expense	461,748	425,000
Pension and Health Insurance		
Meeting Expense	5,000	5,000
Total Pension and Health Insurance Expense	5,000	5,000
Human Resources Meeting Expense	3,000	3,000
Trustees		
Meeting Expense	5,000	5,000
Legal	50,000	50,000
Conference Property Insurance	94,000	94,000
Defense Fund	20,000	20,000
Total Trustees Expense	169,000	169,000
TOTAL EXPENSES	\$ 1,245,328	\$ 1,262,900

**Indiana Conference of the United Methodist Church
Financial Services
2011 Draft Budget Proposal**

	<u>2011</u>	<u>2010</u>
Staffing		
Director (salary and housing)	\$ 100,680	\$ 98,600
Controller & Camping Business Mgr (2, 1 w/housing)	146,719	130,600
Database Administrator	51,551	53,000
Acct/DB Clerks (3- 2011, 2-2010)	104,100	60,000
FICA, LTD & STD	30,833	26,500
Insurance (6)	72,000	60,000
Pension, LTD & STD	33,035	51,000
Travel, Meals, Lodging & Cell	10,000	14,000
Fuel, Mntce, Title & Ins	10,500	10,500
Vehicle Depreciation	13,000	13,000
Continued Education	10,000	10,000
Total Staffing Expense	\$ 582,418	\$ 527,200
Operations Expense		
Office Supplies	11,315	12,000
Postage	10,000	15,000
Printing & Copying	4,500	9,000
Audit	75,000	80,000
Cash Mgmt Fees & Lockbox	12,000	15,000
Moving Expense	250,000	300,000
Total Operations Expense	362,815	431,000
TOTAL EXPENSES	\$ <u>945,233</u>	\$ <u>958,200</u>

**Indiana Conference of the United Methodist Church
Episcopal Office
2011 Draft Budget Proposal**

	<u>2011</u>	<u>2010</u>
Staffing		
Executive Assistant to the Bishop (salary and housing)	\$ 104,784	\$ 102,600
Secretary to the Bishop	45,100	44,000
Administrative Asst to the Exec Asst	34,978	10,000
Rejuvenate 50% contribution	(26,595)	0
FICA, LTD & STD	7,000	3,500
Insurance	24,000	22,500
Pension	17,600	22,800
Travel, Meals, Lodging & Cell	5,800	5,800
Continued Education	3,000	3,000
Other	1,000	1,000
Episcopal Office Reserve	(2,652)	0
Total Staffing Expense	<u>214,015</u>	<u>215,200</u>
Operations Expense		
Office Supplies	3,000	3,000
Postage	6,000	6,000
Printing & Copying	3,000	3,000
Total Operations Expense	<u>12,000</u>	<u>12,000</u>
Episcopal Office		
Travel Expenses	9,000	9,000
Phone Data	6,400	6,400
Housing Allowance	18,600	18,600
GCFA Offset	(86,000)	(84,800)
Total Episcopal Office Expense	<u>(52,000)</u>	<u>(50,800)</u>
TOTAL EXPENSES \$	<u><u>174,015</u></u>	<u><u>\$ 176,400</u></u>

Indiana Conference of the United Methodist Church
2011 Budget Proposal and Spending Plan

Tithable income of local churches as reported on 2009 Table III \$ 177,700,000
Estimated tithes to the Annual Conference \$ 17,700,000

Actual 2009 Giving	
Tithe	12,969,232
General Church	1,974,938
District-approx	1,100,000
	<u>16,044,170</u>

	2010	Change
INCOME		
10% Tithe - estimated to be received from local churches	\$ 14,200,000	400,000
District Support (determined by each district)	1,420,000 **	40,000
TOTAL INCOME	\$ 15,620,000	440,000
		3%
EXPENSES		
General Church Obligations (65,767,921 * 90%)	\$ 5,911,129	465,518
District Expenses		
Cabinet Compensation	\$ 1,187,616	28,296
District Budgets - pass through to district budgets	1,420,000 **	40,000
Total District Expenses	2,607,616	68,296
Pension and Insurance		
Retiree Health Insurance Subsidy	1,500,000	-
Debt Retirement - PTLP Retro Enrollment	450,000	-
Total Pension and Insurance	1,950,000	-
Conference Budgets		
Connectional Ministries	2,146,163	(29,437)
Church Development	1,118,352	(15,448)
Communications	239,887	(5,000)
Administrative Services	1,245,328	(17,572)
Episcopal Office	174,015	(2,385)
Financial Services	945,233	(12,967)
Total Conference Budgets	5,868,978	(82,809)
TOTAL EXPENSES	\$ 15,617,723	451,005
Budget Surplus/(Deficit)	\$ 2,277	3%

Indiana Conference of the United Methodist Church
2011 Budget Proposal and Spending Plan

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**Indiana Conference of the United Methodist Church
Conference Financial Policies**

General Provisions

- A. ALL CHURCHES (including New Church Starts and Merged Congregations) WILL BE ASKED TO TITHE THEIR INCOME TO THE ANNUAL CONFERENCE. AT A MINIMUM, A TITHE WOULD BE COMPRISED OF THESE ITEMS;
1. Income from identified and unidentified contributors.
 2. Pledged or unpledged income.
 3. Undesignated interest and dividend income.
 4. Income received from building use fees.
 5. Income received from fundraisers and programs in support of the operating budget.
 6. Income from capital campaigns, pass-through giving and tuition-based ministries is not included in the tithing calculation.
- B. ALL CHURCHES (including New Church Starts and Merged Congregations) WILL BE ASKED TO CONTRIBUTE a % of the church income identified in item IA 1-5 to fund the District Ministries. This % will be determined by the Districts and adopted by the District Conference.
- C. Tithe income received over and above the set Tithe Income budget in a fiscal year is to be disbursed as follows:
1. 50% of the excess tithe income is to be sent to pay General Church apportionments up to 100%.
 2. 50% of the excess tithe income is to be allocated by the Council on Finance and Administration and reported at the subsequent Annual Conference Session.
- D. GENERAL FUND.
The General Fund is established to provide financial stability for the operation of the Indiana Conference. Its primary purpose is to provide the working capital for daily operation, allow responsible budgeting by providing an interim allocations source, plus is a source of funds for unexpected exposures or opportunities arising between sessions. This fund is an accumulation of net profits or losses from prior years.
- E. RESERVE FUND.
The Reserve Fund was established as a financial protection fund to absorb significant and unexpected opportunities and exposures beyond the capacities of the budget and the General Fund. The fund is a source of capital expenditures for staff housing and a depository for capital funds from the sale of corporate assets.
There will be a line in the budget to support the Reserve Fund. This asking continues until the Reserve Fund Balance equals \$1,000,000. Should there be a surplus the amount will be transferred to the General Fund and used according to the guidelines of this fund.
- F. FISCAL YEAR.
The fiscal year shall be the calendar year.
1. Payments from churches received after January 15th each year, shall be credited to the following year's tithing records. Churches may remit their gifts by electronic funds transfer.
 2. Requisitions for year-end disbursements should be sent to the Conference Treasurer's Office by January 15th each year. Only requisitions for expenses that were incurred prior to the end of the fiscal year will be recorded in that fiscal year. Expenses that were incurred after the close of the fiscal year will be recorded in the subsequent year.
- G. We urge the continuation of the support of General Advance Specials and affirm paragraph 812 of the 2008 *Discipline* that reads: "The World Service Fund is basic in the financial program of the United Methodist Church. World Service on apportionment represents the minimum needs of the general agencies of the Church. Payment in full of these apportionments by local churches and annual conferences is the first benevolent responsibility of the Church."
- H. The Total Proposed Budget will be presented early in the Annual Conference Session. The Total Proposed Budget will be acted upon after all agencies have made their reports to the Annual Conference. If there are proposed changes to the Total Proposed Budget, these items shall be referred to the Council on Finance and Administration and action postponed until the Total Proposed Budget is presented.
- I. The Annual Conference goal is to pay General Church Apportionments 100%.
- J. Financial requests coming to the Council on Finance and Administration between sessions of Annual Conference shall be considered by the appropriate committee of the Council before being acted upon by the Council.
- K. The Council on Finance & Administration shall be responsible to ensure that actual expenditures stay within limits defined by the Council on Finance & Administration and the Annual Conference, and within the broad limitation of actual amounts received. Between sessions of Annual Conference, the Council on Finance & Administration shall have the authority to take appropriate actions in response to any unexpected events that impact the Annual Conference financially.

Conference Funds

A. TREASURER'S COMPLETE REPORT AND AUDIT.

The Conference Treasurer shall furnish on a form established by this Council an itemized report of balances, receipts, and disbursements during the year.

B. SIGNIFICANT ACCOUNTING POLICIES.

The Indiana Conference follows the requirements of Financial Accounting Standards Board (FASB) Statement of Financial Accounting Standards No. 117, *Financial Statements of Not-For-Profit Organizations*. Under FASB Statement No. 117, the Conference is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

The accounts of the Indiana Conference are maintained on the accrual basis in accordance with the principles of fund accounting and generally accepted accounting principles (GAAP). Separate accounts are maintained for each fund; however, the financial statements will be prepared on a basis that shows the financial position and changes in net assets of the Conference in total. Funds with similar characteristics will be combined for financial statement presentation.

(Note of Explanation: The objective of accrual basis accounting is to ensure that events that change the Annual Conference's financial statements are recorded in the periods in which the events occur, rather than only in the periods in which, as a result of these events, the Conference receives or pays cash. For example, using the accrual basis to determine net income means recognizing revenues when earned rather than when cash is received, and recognizing expenses when incurred rather than when paid.)

A summary of the other significant accounting policies utilized by the Annual Conference is reported in the audited Financial Statements in the section titled Notes to the Financial Statements.

C. BUDGET REQUESTS.

The Conference Leadership Table will submit a complete request for the agencies and boards under its jurisdiction; this includes the Board of Ordained Ministry. In accordance with paragraph 635 of the 2008 Discipline, should the Board of Ordained Ministry and its staff, after working through the Leadership Table, find they need to make a further direct request to CF&A, the Council will be agreeable to hear such a request.

D. NEW ASKINGS.

New financial askings during Annual Conference Session must be referred to the Council on Finance and Administration prior to a decision being made by the Annual Conference.

E. CONFERENCE TREASURY.

The Conference treasury shall be continued for all Conference Boards, Divisions, Commissions, and Committees, receiving budgeted funds and all bills shall be paid on requisitions.

The following shall apply when determining who has authority to authorize the payment of requisitions and vendor invoices.

1. Staff shall have the authority to authorize (by their own one signature) the following, provided that such expense does not overspend the respective group's budget and that the expense is a valid expense of the group and is in harmony with the group's mission and purpose:
 - a. Valid vendor invoices of \$1000 or less.
 - b. Requisitions for payment of \$1000 or less.
2. A Conference Director shall individually have the authority to authorize (by their own one signature) the following:
 - a. Valid vendor invoices and requisitions for payment provided that such expense does not overspend the respective group's budget and that the expense is a valid expense of the group and are in harmony with the group's mission and purpose.
3. Committees shall have the authority to authorize the following:
 - a. Valid vendor invoices and requisitions for payment between \$1000 and \$5000, by the authority of two signatures – Chairperson, Vice Chairperson, Secretary, or Staff.
 - b. Valid vendor invoices and requisitions for payment greater than \$5000 by authority of two signatures – Chairperson, Vice Chairperson, Secretary, or Staff; and, a copy of the committee's minutes where it was approved.
4. In all cases vendor invoices and requisitions for payment may not surpass the committee's approved budget.

F. CHECK SIGNING.

The Conference Treasurer shall be authorized to sign checks for the Conference funds. In the absence of the Treasurer, an additional person shall be authorized to sign checks.

G. DEPOSITORIES.

Depositories of the Indiana Conference shall be subject to the direction of the Executive Committee of the Council on Finance and Administration.

H. INVESTMENTS.

All apportioned funds held by the Council on Finance and Administration shall be invested at its direction, and interest, accrued from these investments shall be used by the Council on Finance and Administration, and the principal sum shall be requisitioned by the boards and agencies as needed.

The Executive Committee of the Council on Finance and Administration, along with the Conference Treasurer, shall be empowered to invest funds in United States Securities, United States Agencies, savings accounts and certificates of deposits in authorized "Federally Insured Financial Institutions", debt instruments of corporations whose activities are not in conflict with the United Methodist Social Principles and which bear a rating of "A" or higher from Moody's Investment Rating Service, or in funds offered by the Indiana Foundation.

Interest credit will be allocated each quarter to any non-apportioned fund that resides in the Annual Conference treasury, has a fund balance of more than \$75,000 at the end of the quarter, and is not already receiving interest from other specific investments. In addition, interest credit will also be allocated each quarter to any endowment or quasi-endowment fund (functioning as an endowment) that resides in the Annual Conference treasury, has a fund balance of more than \$5,000 at the end of the quarter, and is not already receiving interest from other specific investments. This interest credit will be the local prime rate of interest to be calculated quarterly.

The Indiana Conference follows the requirements of Financial Accounting Standards Board (FASB) Statement of Financial Accounting Standards No. 124, *Accounting for Certain Investments Held by Not-For-Profit Organizations* or as subsequently amended by FASB. Under FASB Statement No. 124, the Conference is required to report information regarding its investments at fair value based upon quoted market prices, when available, or estimates of fair value. Donated assets are recorded at fair value at the date of donation, or if sold immediately after receipt, at the amount of sales proceeds received.

I. CAPITAL ASSETS.

Capital assets of the Conference are held by the Indiana Conference of the United Methodist, Inc. Board of Trustees. In the Indiana Conference financial statements the value of fixed assets is stated at cost less accumulated depreciation or fair value at date of donation. The cost of property and equipment purchased in excess of \$2,500 is capitalized. Depreciation is computed using the straight-line method over the estimated useful life of each class of depreciable asset.

J. UNEXPENDED BUDGET FUNDS.

Unexpended budgeted funds of Conference Boards, Committees, and Commissions shall revert to the General Fund at the close of each fiscal year with the exception of those funds approved by CF&A and designated funds.

K. CARRY-OVER BUDGET ITEMS.

Carry-over budget items should be considered on a case-by-case basis as a general fund encumbrance in unusual circumstances and not to exceed six months carry-over. A vote of CF&A approval will be required for \$5,000 or more. Less than \$5,000 must be approved through the authorization of the appropriate Director and the Treasurer.

L. OVER-EXPENDING BUDGETS.

The Conference Treasurer has no authority to honor any requisition that would cause an over-expenditure of any budget category in the Conference Budget. It can only occur with the approval of the Executive Committee of CF&A.

M. GENERAL FUND.

The Executive Committee of the Council on Finance and Administration shall have the power to draw upon the General Fund for emergency disbursement, subject to ratification by the Council on Finance and Administration.

N. RESERVE FUND.

Between sessions of the Annual Conference, the funds may be used upon approval of the Council on Finance and Administration and the Leadership Table with notification to the Annual Conference at the next session.

O. DESIGNATED FUNDS.

Designated funds are funds which come from gifts that have been designated for a specific purpose. These funds shall be carried forward and shall be used to build funds for a program or project over multiple years. Designated Fund accounts shall be funded at a rate determined annually by the Council of Finance and Administration. CF&A shall review these accounts annually to determine if sufficient funds are available to underwrite the programs. Upon completion of the program or project, if there is a balance in the designated fund, those monies shall revert to the General Fund. Should monies accumulate in a particular designated fund and at some point in the future the Indiana Conference determines there is no longer a need for that fund, those monies shall revert to the General Fund and the specific fund account

shall be eliminated. Decisions on funding for new designated funds shall be made by the Council on Finance and Administration on the basis of cash available for the funding at year end.

P. **RESTRICTED FUNDS.**

Restricted Funds are funds which have been restricted by the source, the donor, the General Church or through Special Offerings. These funds shall be carried forward from one fiscal year to subsequent fiscal years until they are depleted or re-designated by the donor. If, at some point in the future the Indiana Conference determines there is no longer a need for a particular fund, the donor, or in the absence of the donor, the Council on Finance and Administration shall recommend to the Indiana Annual Conference how the balance in that fund shall be disbursed. Restricted funds shall be fully funded. Funds shall be set aside in a separate fund and invested. Specific restricted funds shall not earn interest for those funds unless required by the donor at the time the fund is or was established. Interest earned on the pool of invested Restricted Funds shall revert to the Restricted Fund pool until it becomes fully funded. At such time the Restricted Fund becomes and remains fully funded, the earnings shall revert to the Conference General Fund unless otherwise specified by the donor.

Q. **BONDING.**

A blanket fidelity bond of \$1,000,000 shall be secured to cover all employed personnel in the Conference Treasurer's office.

R. **AUDITING.**

All agencies receiving financial support from Conference benevolences or from any other authorized Conference-wide appeal shall submit an annual audit to the Council on Finance and Administration. Such audit shall cover their total operation and be prepared by a Certified Public Accountant or Public Auditor.

S. **BORROWING AUTHORITY (Book of Discipline para. 613.10)**

The Annual Conference Treasurer shall have borrowing authority with the prior approval of the Executive Committee of the Council on Finance and Administration up to \$400,000.

Offerings and Solicitations

A. **APPROVALS.**

It is required by the Conference that groups desiring to solicit funds from churches in the Indiana Conference shall appear before the appropriate agency of the Conference Council on Finance and Administration annually, and may be required to submit budgets, annual audit, and aims for approval before proceeding.

B. We recommend that all Disciplinary Special Offerings be supported in the manner prescribed by the *Discipline*.

C. No Indiana Conference mailing list shall be furnished to any agency for the purpose of solicitation without prior consent of the Council on Finance and Administration and the Annual Conference.

D. Local churches are not to be asked to receive more than one special offering per calendar month. Such special offerings include those requested by the General Church, Area, Conference and District. Clear emergencies, such as natural disaster relief, shall be an exception to this rule.

E. Special offerings taken during Annual Conference Session shall be determined by the Leadership Table with approval of CF&A and reported to the Sessions Committee.

Expense Allowance

A. **BOARD EXPENSE.**

All Conference Boards, Divisions, Commissions, and Committees receiving budget funds shall allow for travel reimbursement for laity only and retired clergy not serving a local church based on the IRS rate for charitable travel. Clergy serving in these groups are to be reimbursed for travel by the ministry to which they are appointed. No meal reimbursements will be made. An allowance of \$45.00 per night for hotel will be allowed. Also, sitters for children and dependent adults shall be paid at the rate of \$4.00 per hour to a maximum of 10 hours per day.

B. **PER DIEM DEADLINE.**

No per diem or other expenses incurred due to the Conference session shall be paid if not submitted to the Director of Connectional Ministries or Conference Treasurer within 30 days following adjournment of the Conference. Annual Conference session per diem will be made only to retirees not serving a church and district equalizing members. To supplement a person's meal expenses, \$3.50 for breakfast, \$4.50 for lunch, \$6.50 for dinner will be allowed as well as the hotel and babysitting allowance in item (A) above.

District Superintendents and Directors

The salary for superintendents and directors for 2011 is \$100,800. The annual adjustment of this salary is indexed to the Conference Average Compensation annual differential. Annual Housing Allowance will be paid at a rate of \$18,600 to be reviewed by CF&A annually. For clergy holding these positions, salary that is designated as housing exclusion according to IRS Code 107 shall be reported and approved annually by CF&A. No Conference staff, including District Superintendents and Directors, shall receive honorariums

for services provided to United Methodist churches in the Indiana Conference or agencies of the Indiana Conference. Vehicle policies are found in the Conference operations policies.

Moving Policies

- A. Persons eligible for conference-paid moves include itinerant clergy within Indiana, district superintendents, conference professional staff, and special appointments fully funded by the Indiana Conference.
- B. The total amount allowed for each move will be determined each year by the Council on Finance & Administration and recommended to the Annual Conference. The amount recommended for 2010 is \$3,100. An amount of \$800 will be added to this total for intra-state moves in excess of 250 miles. Total packing costs, supplies and labor, may not exceed \$500, inclusive within the amount allowed for the total move.
- C. The person to be moved is responsible for obtaining two bids from licensed movers and selecting the mover using the conference approved process.
- D. Self-moves are approved for seminary students. Eligible expenses include the cost of truck rental, equipment, packing materials (\$500 limit applies), fuel cost/mileage and labor. Receipts must be submitted for reimbursement.
- E. The Conference will pay for the first move of a surviving spouse within one year after the death of an active clergy person using limits for the year of death.
- F. Insurance will be provided up to the limits obtainable by the Conference.
- G. Special consideration will be given for some circumstances.
- H. Any situation not covered under this policy will be referred to the Council on Finance and Administration.

Equitable Compensation

- A. Minimum salary for Full-Time Elders appointed to serve a local church be set at 60% of the DAC (Denominational Average Compensation) as calculated annually by the General Board of Pension and Health Benefits.
- B. Minimum salary for Full-Time Associate and Probationary Members appointed to serve a local church be set at 58% of the DAC (Denominational Average Compensation) as calculated annually by the General Board of Pension and Health Benefits.
- C. Minimum salary for Full-Time Local Pastors appointed to serve a local church be set at 55% of the DAC (Denominational Average Compensation) as calculated annually by the General Board of Pension and Health Benefits.

SUBMITTED BY: Rev. Dr. M. Kent Millard, President

G. Discipleship Leadership Development Team

Purpose

The task of the Discipleship Leadership Development Team is to support local congregations and specialized ministries in developing principled leaders to lead United Methodists in Indiana in making disciples of Jesus Christ for the transformation of the world.

Activities and Future Plans

In addition to making Disciples for Jesus Christ, two other objectives for the Discipleship Leadership Team are 1) to provide for “grass roots” initiatives; and 2) to be a policy and resource agency, not a programming group. During its three meetings since the team was formed, the team has discussed two main issues: 1) how each of the twenty-one members can work together with the team, as well as with their specific areas, in order to gather information from churches of all sizes as to their needs in each area; and 2) once the needs have been communicated, how the team can become an information center to help local churches locate the resources they need in order improve their ability to make disciples of Jesus Christ. In other words, the Discipleship Team members would like to provide “tools for the local church tool box.”

Some of the ideas discussed for helping meet the needs of local churches have included the following: 1) having a web presence for the team as well as a “Brand Name” for the team and committees; 2) developing a statewide speaker’s bureau; 3) having consistent contact with all cluster leaders in order to receive and share information 4) utilizing something similar to the *Interpreter Magazine* feature “It worked for us” to highlight successful programs; and 4) most importantly- increasing communication across the Indiana Conference so that every church will have the opportunity to take advantage of available resources to meet its individual needs.

The following is a list of the ministry areas on the Discipleship Leadership Team: Board of Laity; Lay Speaking Ministries; Young Adults; Evangelism; Scouting and Civic Youth Serving Ministry; Christian Education/Small

Groups; Children's Ministry; Worship; Young Adult Ministry; Older Adult Ministries; Conference Prayer Coordinator; Stewardship; Spiritual Formation/Devotional Life; United Methodist Men; and United Methodist Women.

Robert Pimlott, Convener

H. Episcopacy Concerns

Paragraph 637 of the 2008 *Book of Discipline* defines the function of the Conference Committee as follows:

- 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 conference and to make recommendations to appropriate bodies.
- To keep our bishop advised concerning conditions within the conference as they affect relationships between our bishop and the people of the conference agencies.
- To interpret to the people of the conference and to conference agencies the nature and function of the Episcopal office.
- To engage in annual consultation and appraisal of the balance of our bishop's relationship and responsibilities to the annual conference, the jurisdiction, general Church boards and agencies, and other areas of specialized ministry, including, at all levels, concern for the inclusiveness of the Church and its ministry with respect to sex, race, and national origin, and understanding and implementation of the consultation process in appointment-making.
- To report needs for Episcopal leadership to the jurisdictional committee on episcopacy through the duly elected conference members of that committee.
- The Conference Council on Finance and Administration shall make provision in its budget for the expenses of this committee.

Past Actions

- In carrying out the disciplinary provisions assigned to the Committee on Episcopacy, specific attention is focused on the health and well-being of our bishop.
- We have met twice since the start of the new conference. It is anticipated that this will be the norm for our meetings.
- The entire committee, composed of both (former) north and south Indiana Lay and Clergy persons, has elected Dr. James (Jim) Shaw, Chairperson; Larry Marhanka, Vice-Chair; and Rosa Bernard, Recording Secretary.
- We receive reports from four primary areas: the Bishop, the Executive Assistant, Conference representatives of the NCJ Committee on Episcopacy and our Conference Lay Leaders.

Future Action

The Committee recommended a Prayer and Fasting period of (4) weeks prior to Annual Conference to enable Bishop Michael Coyner, his Cabinet and Staff personnel.

Additional

The Episcopacy Committee heartily commends Bishop Coyner and his Cabinet as they continue to provide leadership for the new Indiana Conference as it becomes one state-wide conference.

The Episcopacy Committee is encouraged to know that other Conferences are looking to our Episcopal leadership as a model in "how to" move forward in increasing mergers throughout the United States and beyond.

Dr. James (Jim) Shaw, Chair

I. Foundation Task Force

United Methodist Foundation of Indiana, Inc.

North Indiana United Methodist Foundation, Inc.

United Methodist Foundation of South Indiana, Inc.

IN U.M. Loan and Savings Ministry, Inc.

Over the last several months a taskforce composed of the Executive Directors and representatives of each of the above Boards of Directors has worked on a proposal to merge their organizations in order to serve Indiana United Methodists more effectively. To that end, the former Indiana Area Foundation has adopted revised Articles of Incorporation and By-Laws, including a name change to "United Methodist Foundation of Indiana" ("UMFI"). At the time of this report, the three Foundations are in the process of electing directors from each of the current boards to populate the newly created UMFI board. The new board will be presented to the Annual Conference for

confirmation, if the constituent memberships approve the merger. One of the first acts of this new UMFI board will be to finalize a covenant relationship agreement between the UMFI and the Indiana Annual Conference.

The Boards of Directors of the foundations serving the former North and South Conferences of The United Methodist Church will bring recommendations to their respective memberships at their meetings during this Annual Conference to approve the merger of each of the two entities into UMFI. The merger would be effective January 1, 2011. Following an approval of the merger, the IN U.M. Loan and Savings Ministry would become an affiliate of the new UMFI in the same fashion as its current relationship to the North Indiana Foundation.

The taskforce projects that the combination of the three Foundations would create an institution with nearly \$68 million under management. It is important to note that approximately \$50 million of those assets are held as agent for partner churches and institutions, or are from the Lilly Endowment grant for the support of the Rejuvenate program. Most of the remaining funds are endowed for specific needs, ministries or congregations.

The Boards of these four institutions would like to thank Bishop Mike Coyner and his Executive Assistant Rev. David V. W. Owen for their encouragement and assistance to the taskforce.

Addendum #1

Resolutions Adopted by the Membership of United Methodist Foundation of South Indiana, Inc. (Merger)

WHEREAS, the Board of Directors of United Methodist Foundation of South Indiana, Inc. ("South Foundation") desire to finalize negotiations and to enter into the Merger Agreement by and between South Foundation, United Methodist Foundation of Indiana, Inc. ("Indiana Foundation"), and North Indiana United Methodist, Inc. ("North Foundation"), each being Indiana non-profit corporations and tax-exempt charitable organization (the "Merger Agreement); and

WHEREAS, the membership of South Foundation is composed of the lay members of the congregations of the United Methodist Church within all that part of Indiana from the southern boundary northward to and including the following counties: Vermillion, Fountain, Montgomery, Boone, Hamilton, Hancock, Henry and Wayne (but excluding First Church of Attica in Fountain City, Indiana) and the ministerial members who shall include the United Methodist clergy holding charge conference relationships with those churches in such counties and those clergy whose retirement was approved by the conference that comprises such counties;

WHEREAS, the Merger Agreement provides that South Foundation, an Indiana nonprofit corporation and tax-exempt charitable organization, and North Foundation, an Indiana nonprofit corporation and tax-exempt charitable organization, shall be merged with and into Indiana Foundation, an Indiana nonprofit corporation and tax-exempt charitable organization, pursuant to the terms of the Articles of Merger and its attachments substantially in the form attached hereto as Exhibit A (the "Articles of Merger"), which are anticipated to be effective as of 12:01 a.m. on January 1, 2011, whereby as a result of the merger the separate corporate existence of South Foundation and North Foundation shall cease and Indiana Foundation shall continue as the surviving corporation of the merger, with IN U.M. Loan & Savings Ministry, Inc., a non-profit affiliate of North Foundation, by operation of law, becoming affiliate of Indiana Foundation.

NOW, THEREFORE, BE IT:

RESOLVED, that the proposed Articles of Merger are hereby adopted and approved by the membership of South Foundation; and

FURTHER RESOLVED, that the President of South Foundation is hereby authorized to enter into, for and on behalf of and in the name of South Foundation, any agreement amending or modifying the terms of any agreements, documents, instruments and certificates referred to in the preceding resolution, which agreements, documents, instruments and certificates shall be in such form and on such terms as the President of South Foundation may deem to be in the best interest of South Foundation to effect the resolutions adopted herein, such approval to be conclusively evidenced by his execution thereof; and

FURTHER RESOLVED, that any and all agreements, documents and instruments executed and delivered on behalf of South Foundation pursuant to the forgoing resolutions shall be deemed to be the act and deed of South Foundation and shall be binding and enforceable against it in all respects.

DATED: June 11, 2010

John Worth, Secretary

Addendum #2

Resolutions Adopted by the Membership of North Indiana United Methodist Foundation, Inc. (Merger)

WHEREAS, the Board of Directors of North Indiana United Methodist Foundation, Inc. (“North Foundation”) desire to finalize negotiations and to enter into the Merger Agreement by and between North Foundation, United Methodist Foundation of Indiana, Inc. (“Indiana Foundation”), and United Methodist Foundation of South Indiana, Inc. (“South Foundation”), each being Indiana non-profit corporations and tax-exempt charitable organization (the “Merger Agreement); and

WHEREAS, the membership of North Foundation is composed of North Indiana Annual Conference of United Methodist Church;

WHEREAS, the Merger Agreement provides that North Foundation, an Indiana nonprofit corporation and tax-exempt charitable organization, and South Foundation, an Indiana nonprofit corporation and tax-exempt charitable organization, shall be merged with and into Indiana Foundation, an Indiana nonprofit corporation and tax-exempt charitable organization, pursuant to the terms of the Articles of Merger and its attachments substantially in the form attached hereto as Exhibit A (the “Articles of Merger”), which are anticipated to be effective as of 12:01 a.m. on January 1, 2011, whereby as a result of the merger the separate corporate existence of North Foundation and South Foundation shall cease and Indiana Foundation shall continue as the surviving corporation of the merger, with IN U.M. Loan & Savings Ministry, Inc., a non-profit affiliate of North Foundation, by operation of law, becoming an affiliate of Indiana Foundation.

NOW, THEREFORE, BE IT:

RESOLVED, that the proposed Articles of Merger are hereby adopted and approved by the membership of North Foundation; and

FURTHER RESOLVED, that the President of North Foundation is hereby authorized to enter into, for and on behalf of and in the name of North Foundation, any agreement amending or modifying the terms of any agreements, documents, instruments and certificates referred to in the preceding resolution, which agreements, documents, instruments and certificates shall be in such form and on such terms as the President of North Foundation may deem to be in the best interest of North Foundation to effect the resolutions adopted herein, such approval to be conclusively evidenced by his execution thereof; and

FURTHER RESOLVED, that any and all agreements, documents and instruments executed and delivered on behalf of North Foundation pursuant to the forgoing resolutions shall be deemed to be the act and deed of North Foundation and shall be binding and enforceable against it in all respects.

DATED: June 11, 2010

Mark Warsco, Secretary

Addendum #3

The Covenant Between the United Methodist Foundation of Indiana, Inc. and The Indiana Conference of The United Methodist Church, Inc.

The Preamble

There are fundamental truths about the relationship that exist between the United Methodist Foundation Indiana, Inc. (“Foundation”) and the Indiana Conference of The United Methodist Church, Inc. (“Conference”). We acknowledge that there are important and necessary documents, such as the articles of incorporation, the bylaws and the Book of Discipline, which define the legal status of the Foundation and the Conference, and describe their function. This declaration speaks about the covenantal relationships which exist between the two entities.

The Nature of Covenant

The term “covenant” is deeply rooted in the Judeo-Christian tradition and is rich in meaning. It occurs nearly 300 times in the Old and New Testaments, and is maintained in virtually all translations. Usually referring to a relationship between God and humankind, it also refers to relationships God’s people may have with one another. Within these covenants there is the intent to be “bound together” in community, as evidenced by mutual respect, support and accountability.

A “covenant” deals with basic understandings and focuses on a holistic relationship, including intangible meanings beyond mere contractual obligations. A covenant is qualitatively different from bylaws or a contract. A covenant is a voluntary commitment between parties for some high and mutual purpose, its seriousness transcending everyday matters. It is entered into with determination and an intent of permanence.

Parties to the Covenant and Their Historic Background

The parties of this Covenant are the Indiana Conference of the United Methodist Church, Inc. and the United Methodist Foundation of Indiana, Inc. The Conference was founded in 2008 as the successor to the North Indiana and South Indiana Conferences of The United Methodist Church. The United Methodist Foundation of Indiana, Inc was formed when the Indiana Area Foundation (formed October 14, 1922), North Indiana United Methodist Foundation, Inc. (formed July 23, 1986) and the United Methodist Foundation of South Indiana, Inc.(formed October 25, 1834) merged after vote of the Indiana Annual Conference, June 11, 2010. The IN U.M. Loan & Savings Ministry, Inc. (formed August 23, 2000) continues as an affiliate of the United Methodist Foundation of Indiana, Inc.

It is clear that the Foundations were birthed by the Conferences, to carry out specialized assignments. Having been so birthed, the Foundations grew to adulthood, as intended by the Conferences. Thus, the Foundations became independent entities, in partnership with the Conferences. The legal device utilized was separate incorporations, with accompanying responsibilities and obligations. This covenant is an additional effort to state, “how we are to live and prosper together.”

THE COVENANT

The Foundation Covenants with the Conference:

- to be trustworthy, enabling and supportive of the Indiana Conference’s mission and ministry.
- to be true to the mission and ministry for which it was created, to be competent in the management of its assets, and to be open to the vision, purpose and priorities of the Conference and its local churches.
- to creatively explore new opportunities for mission and ministry, model Christian stewardship of resources, and utilize effective means for communication between itself and the Conference.

The Conference Covenants With the Foundation:

- to be open to the mission of the Foundation, to acknowledge the responsibility of the Foundation and its governing board to perform its assigned ministry, and to be supportive of the ministry of the Foundation while utilizing its services to help grow the Kingdom of God
- to understand and affirm the Foundation’s vision and purpose, and utilize effective means for communication between itself and the Foundation, pastors, lay persons and local congregations.
- to be sensitive to the Foundation as it seeks integrity with and accountability to all donors and investors.

Review and Renewal

This covenant is a living document subject to review and adjustment quadrennially, if needed.

This task shall be carried out by a “Covenant Review Committee,” composed of three members named by the Leadership Table (or its equivalent) and three members named by the Foundation Board, plus staff. The Covenant Review Committee shall report to the Annual Conference and the Foundation Board at the end of the first year of each quadrennium.

Addendum #4

History of the Ministers’ Retirement Endowment Fund – prepared by Marie Lang, April of 2010

The Ministers’ Retirement Endowment Fund (MREF) began in 1835 with the first permanent gifts to the Preachers’ Aid Society of the Indiana Conference. In 1991 the Conference Chancellor, Basil Lorch Jr. filed an affidavit tracing the corporate history of the South Indiana Foundation of The United Methodist Church as “the legal successor to the Preachers’ Aid Society of the Methodist and United Methodist Church.”

Throughout its history, the predecessors of the current Foundation have carefully stewarded the Endowment and provided sustainable support for the needs of the “superannuated and worn out preachers” for which it was intended. The Ministers’ Retirement Fund continues to play an important role in the Foundation’s ministry to retirees by providing emergency assistance and by making annual distributions, currently to reduce retiree health insurance premiums through the Conference’s Pension and Benefits Committee.

The Endowment is professionally invested, well-diversified and refrains from investment in those industries identified in The Book of Discipline as appropriate. Distributions are set annually at a rate calculated to both sustain the inflation-adjusted value of the endowment and to make a meaningful contribution to the support of retired clergy.

This strategy complies with the requirements of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) which provides guidelines for fiduciary management of perpetual funds.

Addendum #5

Loan Collateralized By the Foundation To Pay for Part-Time Local Pastors' Pension – prepared by Jennifer Gallager, April 2010

In 2004, the South Indiana Conference of the United Methodist Church borrowed \$4.2 million from the South Indiana Foundation in order to retroactively enroll part-time local pastors for the period including 1982-1997 into the Ministerial Pension Plan (MPP). Clergy in this category were denied enrollment into that plan during those years due to an eligibility requirement set forth by the South Indiana Conference Board of Pensions. A subsequent legal opinion recommended that any clergy in that classification for those years be retroactively enrolled into the MPP plan, that those accounts be fully funded as they would have been during active service, and that the Conference should consider funding those accounts with lost earnings on the contributions from the date they would have been paid through the date the accounts are funded. The Conference Board of Pensions chose to adopt the recommendations made in the legal opinion. The Annual Conference turned to the Foundation as a partner for financing this obligation. The Foundation used the Minister's Retirement Endowment Fund to collateralize a loan used to meet the obligation which resulted in more advantageous borrowing terms than the Annual Conference could attain on its own.

In June, 2004, the South Indiana Foundation was able to attain an agreeable financing solution that they were willing to service as a pass-through loan to the Conference. In essence, the Foundation borrowed the money and passed the terms and payment through to the Annual Conference. 221 part-time local pastors for the years including 1982-1997 were identified, contribution obligations were calculated and accounts were funded at that time.

Current terms of the note are a 6% annual interest rate, with a monthly payment of approximately \$29,300 plus a \$500 administration fee paid to the Foundation based on a 15-year amortization. The balance due on the note as of December 31, 2009 was \$3,151,619 and the Conference required collateral to be kept on deposit with the Foundation is \$1,470,000.

Addendum #6

Memo of Understanding Regarding the MREF – Prepared by Bishop Coyner, April of 2010

1. It is understood by the Indiana Conference that the monies in the Ministers' Retirement Endowment Fund are restricted assets of the Indiana Foundation and will be reported on their "books" and managed by their Board.
2. The current practice of the distribution of the MREF to the Conference Board of Pensions and Insurance to support the cost of medical insurance supplement for Indiana Conference retired clergy and spouses is affirmed by both the Indiana Conference and the Indiana Foundation.
3. It is further understood that the previous conditions of the loan from the Foundation to the Conference for funding pensions for Part Time Local Pastors will continue as stated above.
4. The Indiana Foundation will provide to the Indiana Conference Board of Pensions and Insurance an annual report on the MREF, including its current balance, its return on investment, and any distributions from the fund. The Indiana Conference will annually report to the Foundation of the use of the distribution of the MREF for the prior year. Each year the Board of Pensions will identify potential needs for future distribution and inform the Foundation.
5. The Foundation board has fiduciary responsibility to honor the donor restrictions placed on the MREF funds and the authority to meet those requirements.

J. Human Resources

During this conference year, the committee provided oversight for the hiring of 60 individuals, 35 in the Conference Center and 25 in the ten District Centers. This process included formulating the position descriptions, announcing the position openings (when there was not one incumbent already carrying out the responsibilities in a satisfactory manner), selecting and interviewing finalists, checking references and backgrounds, and offering each position.

A commitment to diversity permeated the process. Each advertisement (in both common and racial ethnic newspapers) included this sentence: "The conference is seeking diversity in culture, race, and gender." Each position description included this statement in the list of qualifications: "Deep sensitivity and commitment to diversity (culture, race, gender, theology, etc.)." The results in the Conference Center were 14 men and 21 women: 5 African American, 1 Asian, and 29 Caucasian. The results in the District Centers were 11 men and 14 women: 2 African American and 23 Caucasian.

The other activities this committee oversaw this year included the development of an organizational chart that delineates supervisory functions, the orientation and training of new personnel, the establishment of service

standards, the development of performance reviews, the process for identification of core values and culture, and the adaptation of the Personnel Handbook for use in local churches.

Sam Odle -Committee Chair

Adolf Hansen - Interim Director of Human Resources

K. Institutional Relations Team

Purpose

The Institutional Relations Team is composed of representatives of the various independent institutions that are affiliated with the annual conference. We come together for mutual support and to collaborate with one another and the churches of the annual conference in order to help meet the conference's mission as well as serve the purposes of the individual institutions.

At present, 21 institutions have been invited to participate. Our current intent is to bring these representatives together twice a year (fall and spring). See list below.

UM-Related Health and Welfare Ministries:

Franklin United Methodist Community

Glenburne Home

Hamilton Communities, Inc.

Indiana Asbury Towers

Heritage Pointe

Wesley Manor

Bashor Children's Home

Indiana United Methodist Children's Home

Lucille Raines Residence

Evansville Youth Home

Clarian Health Systems/Methodist Hospital

The Methodist Hospital, Northlake and Southlake Campuses, Gary, IN

Parkview Hospital, Fort Wayne, IN

UM-Foundations:

Indiana United Methodist Foundation

UM-Archives:

Archives of Indiana United Methodism at DePauw University

UM-Related Universities:

University of Evansville

University of Indianapolis

DePauw University

UM-Related Seminaries:

Garrett Evangelical Theological Seminary, Evanston, IL

United Theological Seminary, Dayton, Ohio

Methodist Theological Seminary of Ohio

2009-10:

The leaders of the Institutional Relations Team are working with the Director of Connectional Ministries to create and implement a new process to nurture the institutional relationships with the annual conference.

Michael G. Cartwright and Dan Evans, Jr., Co-Chairs

L. Lay Leadership Team (Board of Laity)

Purpose

Laities live and work outside the church, in the midst of the ripe harvest fields. The Lay Leadership Team has considered that fact in view of our mandate from Jesus Christ and our church - to make disciples for the transformation of the world. Overlaid on that mandate is the *Discipline*, which calls our team to:

- foster an awareness of the role of the laity in all places.
- develop and promote laity stewardship of time, talents and resources.
- provide training for Annual Conference lay members.
- provide support and direction for lay persons in ministry.
- develop local church lay leadership.

2009 Activity and Accomplishments

This past year, members of our team have been involved in a variety of ministries, including: training local church lay leaders; attending charge conferences with their District Superintendents; interacting with clusters in their districts; and praying for and partnering with their District Superintendents. We also have met at various Indiana UMC institutions in order to become more familiar with them, and to witness the impact, mission, and resources of the UMC in Indiana. As we have focused on the local church, our excitement has grown. We have learned that we are a group with a wealth of expertise and resources, both inside and outside the church. In addition, our efforts, prayers and brainpower have been multiplied, as our team is now composed of a District Lay Leader and *at least* one Associate District Lay Leader from each of the ten districts.

Our Contribution to Transformation

One of our primary tasks for the next year is getting to know the lay leadership of each of our local churches. In fact, our intention is to help all Indiana laity become better informed, equipped, and connected to one another. To that end:

- we will have a stronger web presence through the INUMC.com website.
- we will make an effort to be in contact with all local church lay leaders and lay members so that we can respond to their needs.
- we plan to serve as ‘connectors’ so that laity from churches with ministry needs can connect with laity from churches doing vibrant ministry in those particular areas.
- we will continue to improve local church lay leader training.
- we will continue to improve the Lay Speaking Program in Indiana, working to overcome the ‘speaking only’ stigma and to draw more laity to the deep spiritual growth and leadership opportunities in Lay Speaking.
- we will prayerfully consider how we might help laity not only live and work in the harvest fields, but become transformational agents in those fields for the Kingdom of God.

It is with joy that we serve Him together.

Ike Williams and Kaye Mykrantz, Co-Conference Lay Leaders

M. Mission Resource Team

Purpose

To maintain the relational connection and provide for global ministries responsibilities related to the objectives and scope of work of the General Board of Global Ministries. To accomplish this, we:

- Work with the Advance Team (NY) to promote General Church Advance Projects and support covenant relationships with local churches/persons and General Board of Global Ministries mission personnel.
- Resource local churches regarding mission projects they currently support and introduce projects of the General Board of Global Ministries.
- Work with local mission leaders to advertise and promote Special Sunday giving.

2009 Accomplishments

Functions of the resource team were limited by the transition of South and North Conferences into the Indiana Conference. We have:

- Prepared a list of suggested Conference Advance Specials for the new conference mission team.
- Assisted churches with making connections with each other, and with mission projects.
- Prepared a display for Annual Conference depicting the various areas of global ministries, including local, district, conference, national and worldwide projects.
- Provided Mission Resource packets for members and guests of the Annual Conference.
- Sponsored a luncheon during Annual Conference celebrating the mission work of missionaries, deaconesses, church and community workers, and mission volunteers of the Indiana Conference.
- Assisted in the itineration of the Missionary Interpreter In Residence (MIIR) for the North Central Jurisdiction for local churches and groups.
- Facilitated presentations to local churches regarding the work of The Advance.
- Celebrated Indiana being recognized as providing the greatest number of mission volunteers in the US among UMC conferences.
- Provided a workshop for agencies seeking funding from the Conference.
- Awarded funding to ten agencies within the Conference working at the local, district, conference and General Church levels.

Rita Gaither-Gant, Convener

N. Board of Ordained Ministry

Purpose

The Board of Ordained Ministry is responsible for the following activities within the Indiana Conference:

- To meet the disciplinary responsibilities for the enlistment, recruitment and progress of individuals into service within the Church as certified persons, local pastors, deacons, elders and diaconal ministers.
- To act upon necessary changes in clergy relationship and status of any clergy ministering within the bounds of the conference or on his/her behalf.
- To provide support services for ministers' career development.
- To develop standards of effective ministry and provide a means for evaluating the effectiveness of ministers within the annual conference.
- A detailed report of our purpose is found in ¶635.2.a-z of *The Book of Discipline 2008*.

2010 Actions

The Indiana Conference of the Board of Ordained Ministry has approved the following:

- **14** for commissioning on the elder track and provisional membership.
- **19** for ordination and full membership as elder.
- **3** for ordination and full membership as deacon.

It is a privilege to offer heartfelt thanks to the current members of the Board of Ordained Ministry for the effort, time, discernment and prayers given this year to this vital and important work of the church.

Budget Request for 2011

This has been referred to CF&A.

John Groves, Chair

O. Pension and Insurance

Purpose

The Board of Pension and Health Benefits is responsible for the following major activities within the Indiana Conference:

- To meet the disciplinary responsibilities for the establishment and oversight of pension and health benefits for eligible clergy members and lay participants, both active and retired.
- To act upon changes to those benefits as warranted.
- To establish eligibility guidelines where necessary.
- To communicate with participants, appropriate conference boards and agencies, the Bishop and Cabinet, and the General Board of Pension and Health Benefits as needed to effectively carry out our duties, disseminate information, and empower well-informed decision-making on the part of participants.
- A detailed report of our purpose, duties, and organization is found in ¶ 639 of *The Book of Discipline 2008*.

2009-2010 Annual Conference Year

Due to a limitation on available funds for the 2010 budget, the 2009 Annual Conference voted to change its retiree health insurance subsidy, which resulted in a reduction in conference funding for most retired participants. This was a difficult decision that directly affects the quality of life for many of our retirees.

The 2009 Annual Conference also created a Compassion Fund in order to assist retirees with hardships. Fortunately, there was a modest amount of seed money for the Compassion Fund so that requests for assistance were able to be acted upon prior to this year's local church offering to fund it.

The dual concerns of human need and wise stewardship will frequently be at odds with each other as the cost of providing health insurance for participants continues to outpace inflation. This does not mean solutions cannot be found; however, it does mean that the Annual Conference (and The Conference Board of Pension and Health Benefits) will regularly, if not annually, be challenged to prayerfully discern creative, wise, and sensitive solutions in the foreseeable future. We are currently working with the General Board to discern what effects the recent health care bill will have on our program. One thing is certain: neither participants nor local churches will be able to continue to bear the exorbitant increases the industry has passed on in recent years. More difficult decisions lay ahead.

We welcome Sherry Austin and Linda Eskew, who came onboard January 1, 2010, as support staff to Brent Williams, our conference benefits officer. They have done a remarkable job learning their positions even as the former conference offices were moving, consolidating, and adjusting to a new environment with new operating systems. They are available at the

Conference Center to assist with issues, questions, and concerns. We also thank Brent Williams and Jennifer Gallagher, who have worked tirelessly during this past year's transition. The Indiana Conference is fortunate to be served by these two exceptionally capable directors.

It is an honor and a privilege to serve God and the Indiana Conference as your Board of Pension and Health Benefits. Please continue to remember the Board in your prayers as we address the benefits issues of our conference.

Greg Rittenhouse, Chairperson

Adequacy of Funding for CRSP Plans for persons already retired

In the last year, the General Board of Pension and Health Benefits reported to the Council of Bishops and the Annual Conferences that all of the pension plans of the UMC had been adversely impacted by the market crash of 2008, and serious underfunding of the plans could occur. The General Board indicated to the Indiana Annual Conference, specifically, that the potential underfunding could require the Conference to make additional deposits of up to \$2.5 M for each of seven years beginning in 2011. In meetings with the Council of Bishops and with those responsible for Pension funding in the Conferences, including Conference Boards, Benefit Officers and Treasurers, the General Board detailed the causes of this potential need for additional deposits.

The Clergy Retirement Security Program consists of three plans from which our Retirees receive retirement income, depending on the years that were served.

Prior to 1982, **the pre-1982 Plan** pays an amount of \$608 (2010 rate) per service year for persons who had service prior to 1982. These payments are funded by monies that the Indiana Conference has on deposit with the General Board. Projections by the General Board placed the 2010 funding level for the pre-1982 Plan at 130%, which means that the Conference had more than sufficient assets to provide pension payments for respective retirees. Assuming normal market conditions, there would not be a need to add more funds to pay this liability for all current and future retiree pensions for these service periods.

From January 1982 through December 2006, clergy were covered by **the Ministerial Pension Plan (MPP)**. Churches deposited monies to participant accounts. When participants retire, the account balance is annuitized at a set annuity rate. For 2010, the Indiana Conference funding level to pay MPP annuities was at 120%, which would adequately provide for our retirees.

However, prior to 2006, the plan, as adopted in 1981, had a guaranteed 8% annuity rate. In 1981, this rate made sense, when invested funds were earning in excess of 8%. In later years, both market and national annuity rates dipped well below 8%, while the MPP Annuity rate remained at 8%. Keeping the MPP Annuity rate at 8% while our investments were not earning at rates above 8% jeopardized future ongoing funding of these set MPP Annuities. The rate was changed by General Conference in 2004, in order to rectify this danger for the future, and since that time all MPP annuities are based upon a market annuity rate. The General Conference action did not address the potential underfunding that would be caused by a severe downturn in the market, which could put at risk the funding of MPP annuities, set at the former 8% rate.

The Clergy Retirement Security Program, Defined Benefit Program (CRSP-DB) is a modification of the two former plans and took effect in its new form on January 1, 2007. The plan provides 1.25% of the Denominational Average Compensation (an average of all full time clergy salaries across the denomination) per year of service since January 1, 2007. For 2010, the funding level for this plan was at 90% and, when combined with our on-going yearly contributions, was sufficient for funding all current participants.

When the General Board made their report to Annual Conference personnel in March, 2009, the report showed that Projected Funding Levels for the Indiana Conference for these three plans for **plan year 2011** were as follows. Pre-1982 funding was projected to be at 91%; MPP funding was projected to be at 93% and CRSP-DB funding was projected to be at 79%. (The General Board gives estimates each September for the year that will begin in 15 months so that Conferences can plan funding decisions to take to Annual Conference. Giving preliminary estimates in March, 2009, notified the conferences of a potentially significant financial need.)

Upon receiving this preliminary information and after discussions with professionals all across the denomination, Conference leaders, along with the Conference Board of Pensions, agreed to wait for the fall 2009 report, which would include a revaluation of assets and liabilities and allow time for consideration of any market corrections to take place.

In the meantime the Board of Directors of the General Board of Pension and Health Benefits, meeting in the summer of 2009, made a decision to assist Annual Conferences with this potential funding shortfall by approving a Comprehensive Protection Plan "Premium Holiday". The Premium Holiday would grant to Annual Conferences an amount of funds equal to their yearly CPP costs to use for funding any shortfall in pension funds needed to address the shortfall. This grant would be paid from excess reserves that already existed in the Comprehensive Protection Plan and would not have to be repaid. The Board of Directors' decision was to make this grant for three consecutive years, 2010-2012.

As a result of this decision of the Board of Directors, which provides \$1.2 M per year for three years and the improving market conditions that have increased conference assets available for funding, we are happy to inform the Indiana Annual Conference that all pension programs of the Conference will be sufficiently funded for 2011-2012 and no additional funding is needed at this time. By January 1, 2012, the General Board projects that the Indiana Conference Plans will be funded at the following levels; pre-1982 -109%; MPP – 103% and CRSP-DB – 93%.

The Conference Board of Pension, Staff and the General Board of Pension and Health Benefits are continuing to evaluate future funding needs of the Pension Plans and the long-term ability of the Conference to continue to meet these obligations. Our ability to fund these plans is based upon having sufficient assets on deposit at the General Board, sound financial decisions by the Annual Conference on setting future pension rates, and good market conditions.



GENERAL BOARD OF PENSION AND HEALTH BENEFITS
OF THE UNITED METHODIST CHURCH

January 29, 2010

Caring For Those Who Serve

1201 Davis Street
Evanston, Illinois 60201-4118
800-851-2201
www.gbophb.org

Indiana Conference Estimated 2012 Contributions

In the fall, you will receive your pension valuation reports with 2012 minimum contribution amounts. In the meantime, we have prepared these rough contribution estimates reflecting the 2009 market return but no other factors. Actual 2012 contributions will be different and may be higher or lower than these estimates.

	1/1/2008 for 2010	Preliminary 1/1/2009 for 2011 ¹	Estimated 1/1/2010 for 2012 ¹
CRSP-DB			
Funded Ratio ²	90%	76%	93%
Contribution ³	\$4,392,184	\$4,738,950	\$4,554,552
Change in Contribution		\$346,766	\$(184,398)
MPP Annuities			
Funded Ratio ²	120%	91%	103%
Contribution ³	\$ 0	\$1,233,525	\$ 0
Change in Contribution		\$1,233,525	\$(1,233,525)
Pre-82 Plan⁴			
Funded Ratio	130%	98%	109%
Contribution	\$ 0	\$262,558	\$ 0
Change in Contribution		\$262,558	\$(262,558)
Total			
Contribution	\$4,392,184	\$6,235,033	\$4,554,552
Change in Contribution		\$1,842,849	\$(1,680,481)
Estimated CPP Premium Holiday	\$1,200,000	\$1,236,000	\$1,273,000

Remember: These are rough estimates of 2012 contributions. They assume that the actuarial liabilities are what we would expect in an "actuarially perfect" world where actual experience follows the actuarial assumptions. You should expect that the contribution amounts in the valuation reports you will receive in the fall will be different from these contribution estimates.

Calculations and Caveats

These contribution estimates use preliminary unaudited asset information and estimated liabilities. The estimated liabilities and estimated CRSP-DB normal cost are based on the 1/1/2009 for 2011 valuation results. We have not made adjustments for plan population changes other than those reflected in last year's valuation results through the actuarial assumptions and methodology. Audited asset values and actual liabilities based on 1/1/2010 census information will cause the actual 2012 contributions to be different from the contribution estimates.

¹The Pre-82 Plan figures reflect an assumed 2% PSR increase over the 2010 PSR; conferences may choose a different PSR. Final contributions will reflect the PSRs elected by the conference.

²Applies to all conferences.

³Applies only to your conference. The unfunded liability is amortized over seven years. Subsequent actuarial gains or losses will change subsequent amortization payments accordingly, whether within or after the original seven-year amortization period.

⁴Applies only to your conference. The unfunded liability is amortized through 2021. Contributions assume no surplus redirection after December 31, 2009. Any surplus redirection may increase required contributions.

Recommendations

A. Funding Policy

- 2) That three pension-related benefit programs of the UMC (Clergy Retirement Security Program, Comprehensive Protection Plan and Basic Protection Plan or similar plan) be provided to clergy members of the Annual Conference and funded as follows.
- 3) That the following benefits be funded directly at the level of the church or compensation-paying unit:
 - a) Clergy Retirement Security Program (CRSP)
 - b) Comprehensive Protection Plan (CPP)
- 4) That amounts needed yearly to reduce any unfunded liability for prior pension plans be paid first from available reserves. Thereafter, the costs will be paid by the annual conference budget.
- 5) That the costs of a \$25,000 Life Insurance benefit for active clergy and \$7,000 Life Insurance Plan for retirees be paid first by the reserves set aside for that purpose. At the point at which reserves are no longer sufficient to provide the benefit, the Board will make an appropriate recommendation to the Annual Conference for either termination or alternative funding of the benefit.
- 6) That the Indiana Conference Board of Pension and Insurance be authorized, at its discretion, to arrange with the General Board of Pensions for active participation in CRSP, CPP and/or a Conference Life Plan by persons who are eligible under special rules but not automatically included as active participants.

B. Clergy Retirement Security Program (CRSP)

- 1) Direct Billing: That the annual conference pay to the General Board of Pension monthly the amounts due for CRSP for the clergy for whom the annual conference is the plan sponsor on the last business day of each month. That the conference Director of Financial Services collect from each church the determined amounts due for CRSP by direct debit (ACH) to the church's bank account on the 25th of each month, or the next earliest business day if the 25th falls on a non-business day.
- 2) That the Compensation Base for funding of the CRSP Defined Benefit be the Plan Compensation of the participant limited to 150% of the Denominational Average Compensation (DAC).
- 3) That the rate of funding of the CRSP Defined Benefit be determined each year by the Conference Board of Pension and Insurance, in conjunction with the General Board of Pension and Health Benefits, and recommended to the annual conference. For 2011, this amount is 10% of Plan Compensation.
- 4) That the Compensation Base for funding of the CRSP Defined Contribution be the Participant's Plan Compensation.
- 5) That the rate of funding of the CRSP Defined Contribution be 3% of Plan Compensation.
- 6) United Methodist Personal Investment Plan (a voluntary plan): That the Conference Board recommends that each participant take advantage of this investment opportunity with the GBOPHB at a minimum of 2% or more. Such amounts should be withheld from salary and paid to the GBOPHB in the manner that they prescribe.
- 7) That the funding of the Clergy Retirement Security Program for the following special categories of pastors be:
 - a. Maternity/Paternity Leave: Funding of CRSP to be continued by the compensation-paying unit according to the Plan Compensation existing prior to the pastor being placed on such leave.
- 8) The Board of Pension, with the Board of Ordained Ministry and cabinet, recommend that the normal effective date for retirement be July 1.

C. Funding pre-1982 Service Years

That the Past Service Rate for years of pre-1982 service for 2011 will be \$620, which represents a 2% increase.

That the pension benefit paid to the surviving spouse of a deceased pastor having pre-1982 years of service be 75% of the amount paid to the pastor for pre-1982 years of service.

That the following resolution be adopted by the Indiana Conference:

**Resolution Relating to Rental/Housing Allowances for
Retired or Disabled Pastors of this Conference**

WHEREAS, the religious denomination known as The United Methodist Church has and functions through Ministers of the Gospel who are duly ordained or licensed; and

WHEREAS, the practice of The United Methodist Church is to provide a parsonage or a rental allowance as part of the gross compensation for each of its active ordained or licensed pastors; and

WHEREAS, pensions paid to retired and disabled ordained or licensed pastors of The United Methodist Church are considered as deferred compensation and are paid to said retired and disabled ordained or licensed ministers in consideration of previous, active service, and

WHEREAS, the Internal Revenue Service has recognized that the Indiana Annual Conference is the appropriate organization to designate a housing/rental allowance for retired and disabled ordained or licensed ministers who are members of this conference;

NOW THEREFORE BE IT RESOLVED:

1. An amount equal to 100% of the pension payments received during the year of 2011 be and is hereby designated as a rental/housing allowance for each retired and disabled ordained or licensed minister of the United Methodist Church who is or was a member of the Indiana Annual Conference at the time of his or her retirement or disability,
2. This rental/housing allowance shall apply to each retired and disabled ordained or licensed minister who has been granted the retired relation or placed on disability leave by the Indiana Annual Conference, and whose name and relationship to the conference is recorded in the Journal of the Indiana Annual Conference and in other appropriate records maintained by the conference.
3. The pension payment to which this rental/housing allowance applies shall be the pension payment resulting from all service of such retired and disabled ordained or licensed pastor from all employment by any local church, Annual Conference, or institution of The United Methodist Church or any former denomination that is now a part of The United Methodist Church, or from any other employer who employed the pastor to perform services related to the ministry and who elected to make contributions to the pension funds of The United Methodist Church for such retired ministers pension.

NOTE:

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

D. Comprehensive Protection Plan (CPP)

In 2011, the death benefit payable to all active clergy on CPP will be \$50,000. The disability benefit from CPP is 70% of Plan Compensation up to a maximum of 200% of the Denominational Average Compensation, less Social Security benefits. Minimum incapacity benefit will be \$40,000. The cost for the benefit will be 3% of Plan Compensation, limited to 200% of DAC, for all participants.

- 1) That the 2011 costs of the Comprehensive Protection Plan of eligible pastors be collected from the churches by direct debit (ACH) to the churches' bank account on the 25th of each month. The respective amount will be paid directly to the General Board of Pension by the annual conference on the last business day of the month.
- 2) That the Plan Compensation in 2011 for funding of the Comprehensive Protection Plan be the Plan Compensation of the Participant limited to 200% of the Denominational Average Compensation (DAC).
- 3) That the Comprehensive Protection Plan (CPP) coverage and special categories of pastors without a compensation-paying unit be:
 - a) Maternity/Paternity Leave: Funding for CPP coverage to be continued by the compensation paying unit responsible prior to being placed on leave, based on Plan Compensation then existing.
 - b) In situations where clergy members are serving less than full-time or below 60% of the Denominational Average Compensation or Conference Average Compensation, the compensation-paying unit shall fund these clergy members for coverage under the Comprehensive Protection Plan at 3.4% of the denominational Average Compensation.
 - c) Clergy members appointed to Leave of Absence for any reason may continue in the Comprehensive Protection Plan as long as they make monthly reimbursement to the Indiana Conference for the billed charges.
 - d) Clergy members appointed to Renewal Leave shall continue to participate in the Comprehensive Protection Plan with payments made by church.
 - e) Clergy members appointed to Sabbatical Leave may continue in the Comprehensive Protection Plan as long as they make monthly reimbursement to the Indiana Conference for the billed charges.

E. UNUM LIFE PLAN (Replaces the Basic Protection Plan (BPP))

- 1) That the Indiana Conference will enroll all full-time or three-quarter time clergy serving an annual conference appointment, including Full Member Elders, Associate Members, Probationary Member Elders, Full Time Local Pastors, Special Appointments serving as annual conference employees will be enrolled in the UNUM \$25,000 Life Plan or a similar plan offering the same benefit. Those retired directly from any of the above statuses must have participated in the Plan for at least 5 of the last 10 years immediately prior to being eligible as a Retired Participant. The Life amount for Retirees will be \$7,000. Only participants who are enrolled in CPP are qualified for this benefit.
This does not include Special Appointment to non-conference or area agencies, Honorable Location, Appointment Beyond the Church, Student Pastors, or Leave of Absence, or persons retiring under PP359.2a (20 year rule).
- 2) That future Refund Credits accruing from experience within the former Death Benefit Plans of the General Board be applied, as they are available, to underwrite the annual cost of this plan. The current balance in the Death Benefit account at the General Board of Pension and Health Benefits is \$296,888 and is sufficient to fund this benefit under current cost methods.

F. Group Health Insurance Program

Administering the Program

- 1) That the Board of Pension and Insurance will select the policy coverage, carrier (if any), network, benefit structure and/or Third Party Administrator (TPA) for the policy year January 1, 2011 - December 31, 2011.
- 2) That the pastor's personal share of the Indiana Conference group insurance cost, as determined by the Board of Pension and Insurance, be based on family configuration. The treasurer of the compensation-paying unit will withhold this amount monthly from the compensation of the insured. Amounts so withheld and costs for direct bill and other conference provided life insurances, section 125 plans or other benefits, if any, will be paid to the conference by direct debit/(ACH) from the church's bank account on the 20th of each month.
- 3) That the conference share of group insurance for active participants, with the exception of student subsidies, be allocated based on the number of participants and a fixed charge per participant, regardless of family configuration, shall be assessed monthly to the church or appropriate conference agency.
- 4) That a charge or church taking on a full time pastor for the first time would have the following cost for their clergy: first billing year, 50%; second billing year, 75%; third billing year, 100% of the then Direct Bill. Charges creating a new associate position shall also be eligible for this direct bill phase-in as stated previously, if approved by the Conference Board of Pension and the cabinet.
- 5) That premiums for all participants (lay or clergy) be paid by direct debit/ACH from the church's/employer's designated bank account. The payment of premium by direct deposit/ACH is a requirement for participation in the program. For mandatory participants, premiums that go unpaid for 120 days due to rejected ACH transactions or non-sufficient funds will result in the termination of the participant. The district superintendent will be informed after 60 days of arrearage and a grace period will be extended to resolve the situation. Premiums that go unpaid for optional participants will result in termination after 60 days of arrearage.
- 6) That eligibility for health insurance is 35 hours or more per week for conference lay employees.
- 7) That any situation not covered herein shall be determined by the Board of Pension and Insurance, which group shall also manage appeals for assistance from the emergency fund of this board.
- 8) That general policies concerning group membership participation and funding for clergy and laity are included in the Appendix to this report.

Additional Eligibility Rules for Other Groups

Lay Employees	Employed	Eligibility	Cost
Conference Agency	Full (35 hrs)	Eligible	Same as Conf Clergy
Conference Agency	Part	Not Eligible	
District Asst.	Full (35 hrs)	Eligible	Same as Conf Clergy
District Asst.	Part	Not Eligible	
Churches	Full (35 hrs)	Eligible*	Bill Church 100%
Churches	Part	Not Eligible	
Separated Spouses	Eligible for 36 mo	Person=103%	

*75% of Eligible employees in church must enroll.

Surviving Spouse of Active Participant (Conference Responsible Clergy/Lay Employee)

The under-65 surviving spouse and dependents of a conference responsible clergy person or lay employees are eligible for continued coverage in the Health Plan, if they were enrolled in the plan at the time of the clergy person's/lay employee's death.

The premium for Surviving Spouse/Dependents is determined each year by the Board and a subsidy of \$250 per month will be credited against the premium prior to any collection.

For Surviving Spouse/Dependents, there will be a grace period of 12 months following the death of the clergy or conference lay employee, during which the conference will pay the full cost of the premium. The under 65-surviving spouse is required to sign up for direct deposit/ACH of their premium payment, once the initial 12 months has passed.

For Surviving Spouses over the age of 65, an amount of \$250 will be credited towards the premium charged by the Conference-sponsored, Medicare Supplement Plan (see below).

Premium credits are only granted for persons who remain on the Conference sponsored plans. Grants are not paid directly to Surviving Spouses for self purchase of health insurance.

Retired Clergy/Conference Lay Employee and Surviving Spouse Medicare Supplement.

Beginning January 1, 2010, the Indiana Conference began sponsoring a Medicare Supplement Plan for its Over 65 Retirees/Spouses and Surviving Spouses.

Retired clergy, spouses and surviving spouses over the age of 65 may **enroll in one of two plans** being offered by the Indiana Conference as follows:

Plan 1 – The cost for this plan for 2010 is \$434 per month and this plan includes a richer pharmacy benefit with Medco. The yearly costs for the plan are determined by the Plan Manager, NEBCO/AMWINS.

Plan 2 – a lesser plan with less pharmacy benefits, but one that still exceeds what conference retirees could purchase on their own. The cost of this plan for 2010 is \$313 per month.

The Annual Conference will assist with funding plan costs by providing a premium subsidy based upon years of service. The subsidy is set at \$5-per-service-year per-month, with a maximum of 30 years or \$150 for each retiree and spouse. A subsidy of \$250 per month will be provided for each surviving spouse.

Service years counted towards the subsidy may be in any UMC appointment with pension credit, however, the 5 years immediately preceding retirement must be in the Indiana Conferences with pension credit and the participant must be enrolled during that 5 years in the Conference health plan. All such funds will be in the form of credit towards the monthly premium of one of two plans being offered by the Conference, and will be paid directly to the vendor. Subsidy grants will not be paid directly to Retirees or Surviving Spouses for self purchase of health insurance.

Retirees, spouses and Surviving Spouses under the age of 65 may remain on the active health plan and must pay to the Conference via ACH their health premium as determined by the Board.

G. Adoption Benefit

- 1) Eligibility for the benefit
 - A. At least one adoptive parent is in the Health Plan of the Conference. Only expenses incurred while a covered participant under the Conference Health Plan are eligible for payment under this benefit.
- 2) Source of Funding
 - B. The source of funding will be the Conference Health Insurance Fund.
- 3) Benefit
 - C. Up to \$5,000 per child, \$10,000 per family over a 5 year period, towards actual, unreimbursed expenses related to adoption, including agency fees, attorney fees, court costs, and travel for prospective parents for out-of-state or international adoptions. This amount should be reviewed every two years for adjusting for inflation. Payment will be made once the adoption is final, as evidenced by a court document and/or birth certificate, upon submission of receipts to the conference director of administration.
 - D. Adoption expenses must be submitted within 12 months of finalization.

H. Other Benefits

Accidental Death and Dismemberment and Basic Life Insurance

The Indiana Conference will provide such coverage for the member as part of its health insurance program. Each year the Board of Pension will determine the benefit. Costs will be included in the health insurance rates

Optional Term Life Insurance and Dependent Life Insurance

The Indiana Conference will provide this option in conjunction with its health insurance program. An open enrollment period each fall will allow persons to opt for this coverage or change coverage choices.

Section 125 Cafeteria Plan

The Indiana Conference will assist churches that wish to adopt their own Section 125 plans and offer a conference wide plan in conjunction with the General Board of Pension and Health Benefits and/or use another vendor to offer such a plan at the Conference Board of Pension's discretion.

Appendix Eligibility – 2010

<u>CLERGY STATUS</u>	<u>TIME</u>	<u>PENSION CRSP</u>	<u>PENSION CPP</u>	<u>PENSION BPP</u>	<u>HEALTH INS (FT)</u>	<u>MOVING WITHIN</u>	<u>MOVING INTO</u>
<u>APPOINTED TO CHURCH</u>							
FULL MEM	FULL	M	M	M	M	YES	YES**
ELDER/346.1	FULL	M	M/ 3.4%	M	M	YES	YES**
FULL MEM	PART	E*	DAC	3/4 Only	NO	YES	YES**
ELDER/346.1	PART	E*	DAC	3/4 Only	NO	YES	YES**
FULL MEM	FULL	M	M	Ch	Ch	NO	NO
DEACON/346.1	FULL	M	M/ 3.4%	Ch	Ch	NO	NO
FULL MEM	PART	E*	DAC	Ch	NO	NO	NO
DEACON/346.1	PART	E*	DAC	Ch	NO	NO	NO
PROB MEM	FULL	M	M	M	M	YES	YES**
ELDER/346.1	FULL	M	M/ 3.4%	M	M	YES	YES**
PROB MEM	PART	E*	DAC	3/4 Only	NO	YES	YES**
ELDER/346.1	PART	E*	DAC	3/4 Only	NO	YES	YES**
PROB MEM	FULL	M	M	Ch	Ch	NO	NO
DEACON/346.1	FULL	M	M/ 3.4%	Ch	Ch	NO	NO
PROB MEM	PART	E*	DAC	Ch	NO	NO	NO
DEACON/346.1	PART	E*	DAC	Ch	NO	NO	NO
ASSOC MEM/346.1	FULL	M	M	M	M	YES	YES**
ASSOC MEM/346.1	FULL	M	M/ 3.4%	M	M	YES	YES**
ASSOC MEM/346.1	PART	E*	DAC	3/4 Only	NO	YES	YES**
OTHER DEN. 346.2/3	FULL	M	M	M	M	YES	YES
OTHER DEN. 346.2/3	PART	E*	NO	NO	NO	YES	YES
LOCAL PASTOR	FULL	M	M	M	M	YES	YES***
LOCAL PASTOR	PART	E*	NO	NO	NO	YES	YES***
LOCAL PSTR	PART	E*	NO	NO	NO	YES	YES***
STUDENT	PART	E*	NO	NO	M	YES	YES***
SUPPLY/INTERIM/LAY	FULL/PART	NO	NO	NO	NO	NO	NO
<u>LEAVES</u>							
FE/PE/AM	SABB	NO	E/Part 4.4%	NO	E 1year	NO	NO
FE/PE/AM	INCAP	CO	NA	NO	E FT Co	FIRST	OFF OF-TO APPT

FE/PE/AM	MAT/PAT	NO	NO	YES	E if Full	NO	NO
FE/PE/AM	FAMILY	NO	E/Part 4.4%	NO	E if Full	NO	NO
FE/PE/AM	LOA	NO	E/Part 4.4%	NO	E 1year	NO	OFF OF-TO APPT
FE/PE/AM	H LOC	NO	NO	NO	NO	NO	OFF OF-TO APPT
<u>EXTENSION MINISTRIES</u>							
FE/AM	ATA	NO	CO3.4% DAC	NO	E	NO	NO
PE	ATA	NO	CO3.4%DAC	NO	E	NO	NO
CONF/AREA OFFICE		M	M	M	E	YES	YES**
WESLEY FOUNDATIONS		UMPIP	Inst	NO	E	YES	NO
UMC. UNIV. CHAPLAINS		UMPIP	Inst	NO	NO	YES	NO
GENERAL BOARDS		UMPIP	Inst	NO	NO	NO	NO
NON-PROFIT W/GBOP CONTRACT		UMPIP	Inst	NO	NO	NO	NO
NON-PROFIT NO GBOP CONTRACT		NO	NO	NO	NO	NO	NO

M Mandatory Participation
E* Eligible for Participation - Must Waiver for Non-Participation
CO Conference Pays for Benefit

CH Church Selects and Provides Similar Benefit at their option

DEACON Deacons whose primary location of service is the church are mandated participants in CRSP/PPP and Conference Health Insurance unless health insurance is provided from another source. Paragraph 322.14

YES** APPLICABLE TO TRANSFERS AND 346.1

YES*** BY SPECIAL REQUEST FROM CABINET AND APPROVAL BY BOARD

1. RETIREES MUST BE ENROLLED FIVE FULL YEARS IMMEDIATELY PRECEDING RETIREMENT TO BE ELIGIBLE FOR THE HEALTH SUBSIDY AND FIVE OF LAST TEN YEARS FOR BPP BENEFIT.

P. Social Advocacy, Justice and Ethnic Ministry

Purpose

The Social Advocacy, Justice and Ethnic Ministry Team is responsible (in part or whole) for the following areas of ministry: Church and Society; Christian Unity and Interreligious Concerns; Religion and Race; Status and Role of Women; Ethnic Local Church; and Disability Concerns. Our goal is to foster the making of 'disciples for Jesus Christ for the transformation of the world' by equipping congregations to engage in ministries of social justice, and promoting justice and equality within our annual conference.

2009-2010 Accomplishments

In order to organize our work for the new annual conference, we have:

1. Launched three ministry networks. A network is a voluntary association of representatives from local churches engaged in similar types of ministries, and is a forum for sharing information and developing strategies for advocacy and education which will be shared with the annual conference, along with information and recommendations from the team. The three networks and coordinators are:
 - a. Creation Care -- Dennis Shock
 - b. Native American Ministries -- John Adams
 - c. Disability Concerns -- Beth DeHoff
2. Formed a monitoring committee. The committee's goal will be to foster inclusivity in the conference in regards to gender, race, ethnicity and disabilities. The committee will:
 - a. monitor the annual conference session, boards, and agencies
 - b. develop a conference policy for diverse/minority vendors and contractors
 - c. review the conference's hiring and employment policies/practices
3. Sent two young clergy persons to the General Board of Church and Society's conference for young clergy.

Goals for 2011

Over the next twelve months we hope to:

- Expand the three networks and support advocacy efforts based on their work
- Create three new networks
- Establish grants for social justice from the Peace with Justice Offering, and for disability concerns
- Explore opportunities in Indiana to support advocacy efforts of the General Board of Church and Society
- Finalize the process and policies for monitoring the annual conference in regards to inclusivity
- Support the efforts of women in ordained ministry
- Create opportunities for racial inclusion and support for ethnic local churches

Darren Cushman Wood, Chair

Q. Board of Trustees

The twelve-person Indiana Conference Board of Trustees is responsible for the legal and property concerns of the Indiana Annual Conference of the United Methodist Church, Inc. In the performance of these duties during the last year, the Board has worked with the former Conference and District Boards to continue the transition from two conferences to one. We deeply appreciate the diligence and cooperation of the Boards of Trustees of the North Indiana Conference and the South Indiana Conference under the capable leadership of Susan Kirkpatrick and Brian Williams respectively, the invaluable support and effort of Conference Directors Brent Williams and Jennifer Gallagher and the advice and counsel of attorneys, Steve Fink and John Neighbours and Bishop Coyner and Executive Assistant David V. W. Owen.

Activities of the past year:

Under the direction of the Indiana Conference, the Trustees continued the process of selecting a site for the Indiana Conference office and upon recommendation of the Site Selection Team, arranged to lease 12,000 square feet of space in the Meridian Corporate Plaza 2, located at 310 Pennsylvania Parkway, at Interstate 465 and Meridian on the north side of Indianapolis. The former offices have been vacated and former and new staff began occupying the new space in October of 2009. Both former Conference office buildings are vacant and currently listed for sale. Currently, there are 4 former Conference and District parsonages for sale in Bloomington, Marion, Elkhart and Avon. As of annual conference, three additional parsonages will be vacated and will also be for sale in West Lafayette, Huntington and Muncie.

The Conference Trustees are finalizing their review of the potential of a Conference-wide Property and Casualty program for the churches and ministries of the Conference and will be completing the report this spring. An extensive report will be sent in a future Annual Conference mailing.

The Conference Trustees formed a task force to interview and select a legal firm for the Conference and selected the firm of Baker and Daniels in Indianapolis. Mr. John Neighbours will be nominated by the Bishop and offered to the Conference for election as the Bishop's Chancellor.

North Indiana Board of Trustees Report

Properties Sold: At the direction of the 2009 and prior Annual Conferences, the following properties that have been sold, transferred or are pending are Mount Pleasant (Muncie); Wilmore Memorial (Muncie); Roll (Marion); Blaine (Muncie); and Bethel Ridgeville (Muncie).

Trusts under the care of the Board of Trustees and their activity for 2009 (*unaudited).

- | | | |
|---|-----------------------------|-------------------|
| ▪ <i>Davis Trust</i> | <i>Balance (12/31/2009)</i> | <i>\$574,131*</i> |
| An unrestricted trust used for the Capital needs of the Conference. During 2008, the Board began to use this fund to pay for the costs of the shutdown and sale of the Oakwood Park property. As of year-end \$366,114 is on loan for this purpose. | | |
| ▪ <i>Pyle Trust</i> | <i>Balance (12/31/2009)</i> | <i>\$296,872*</i> |
| A restricted trust, the proceeds of which are to go to World and National Missions. Each year, the income from the Trust is distributed at the request of the Conference Board of Global Ministries. | | |
| ▪ <i>Holle Trust</i> | <i>Balance (12/31/2009)</i> | <i>\$152,508*</i> |
| An unrestricted trust, the income from which is distributed ½ to the Council on Ministries for program needs and ½ to the Conference Service Center Equipment fund. | | |
| ▪ <i>Legal Defense Fund</i> | <i>Balance (12/31/2009)</i> | <i>\$61,392*</i> |
| A fund for use by Board of Trustees in defense of the Annual Conference. | | |

Epworth Forest Pier Committee. The Trustees contracted with a management firm to handle the assignment of and communications regarding piers at Epworth Forest. During 2009/2010, a discussion with Camp personnel resulted in the Camp staff taking on the responsibility for representing the Conference on the EF Pier Committee and with the Pier management firm.

Oakwood Lawsuit. In March of 2008 the United Methodist Foundation of Adult Christian Ministries at Oakwood determined that they could no longer operate Oakwood Park as an Adult Christian Ministry. As required by the Annual Conference at the time of sale, and the By-laws of the Foundation, the Foundation acted to return the property to the North Indiana Annual Conference. The Board of Trustees, under the direction of the Bishop and Cabinet, received and listed the property for sale and are currently seeking interested buyers. It would be our joint desire that a buyer who would continue the rich tradition of Oakwood could be found. Upon the sale of the property, the Board will return to the Annual Conference with a recommendation on the disposition of the proceeds. The Oakwood Foundation operated the property through Labor Day, 2008, so that commitments to customers could be met. The Annual Conference provided needed financial assistance through reserve funds available to the Board of Trustees. In July of 2008 a lawsuit was filed by a former donor to the Oakwood Foundation challenging the transfer of the property to the Annual Conference. The Conference is currently preparing for trial to defend the matter and is in negotiations with the parties working towards a settlement.

North Conference-wide Property and Liability Insurance Program: In 2005, the North Indiana Conference Corporation approved the Annual Conference becoming a Funding Member/Owner of the United Methodist Property and Casualty Trust (UMPACT). Following on this decision the Conference joined UMPACT on October 1, 2005. In November 2005, Brent Williams was elected to the UMPACT Board of Directors by its members and will serve in that capacity for 3 years. UMPACT is a wholly owned United Methodist Insurance Program and serves the Annual Conferences and Denomination. (See 2005 Annual Report).

At the end of 2009, the balance in the Property Insurance Fund was \$981,427*.

The program is supported by Tony J. Grahn and Mary Sallee of Capitol Insurance Center in Indianapolis. They help local church boards of trustees in understanding the program, handling risk management at their local sites and claim filing and follow-up. Tony or Mary can be reached at 800/305-9856 and can answer all questions regarding invoices, billing, payments, coverage, risk management, new construction, and workers compensation.

As part of the services available through the program all churches in the Indiana Conference have access to reduced costs Background Screenings through Trak-1. You can contact Mary or Tony who can assist your church in getting online with Trak-1 and having access to this service.

Currently, all churches in the former North Indiana Conference are required to participate in UMPACT, while churches in the former South Indiana Conference are each responsible for determining and securing the proper insurance coverage for themselves.

South Indiana Conference Board of Trustees Report

Properties sold, transferred or are pending:

Butlerville UMC - Columbus

Fairview UMC - Evansville
 St Andrews UMC - Evansville
 New Trenton UMC - Rushville
 New Bethel UMC - Columbus
 Mt Nebo UMC - Bloomington
 Allen Chapel UMC - Bloomington
 Brookside UMC - Indianapolis
 Glenburn UMC - Bloomington
 Atkinson Chapel UMC - Vincennes
 Clifford UMC - Columbus

Trusts under the care of the Board of Trustees:

<i>Daisy Wood Trust</i>	<i>Balance 12/31/09</i>	<i>\$18,789</i>
Temporarily restricted trust. Annual net proceeds to Decker Chapel UMC		
<i>Groendyke Trust</i>	<i>Balance 12/31/09</i>	<i>\$124,582</i>
Permanently restricted trust. Annual net proceeds go to Conference Board of Pensions		
<i>Carrie Legg Trust</i>	<i>Balance 12/31/09</i>	<i>\$13,224</i>
Permanently restricted trust. Annual net proceeds go to Charlottesville UMC		
<i>Shera Farm Proceeds</i>	<i>Balance 12/31/09</i>	<i>\$2,266,345</i>
Board Restricted - For Retired Ministers or Foreign Missions		

ADDENDUM

Conference Wide Property, Casualty and Workers Compensation Insurance Program

At the 2009 Annual Conference the Board of Trustees were authorized to review the potential for a mandatory Conference-Wide Property, Casualty and Workers Compensation Insurance program and bring a report back to the 2010 Annual Conference.

The Trustees conducted a review of the need for such a program in the Indiana Conference, sought interested agencies and companies, and sent Requests for Proposals in December of 2009. From the proposals received back the Trustees have narrowed the options to two companies and continue to work with both companies to refine the coverage, price and service offered in the proposals.

After discussion with Conference leadership, the Trustees believe it is not the time to bring to the Annual Conference a proposal for a “mandatory”, Conference-wide program, though, the Trustees are of the opinion that such a program is in the best interest of the churches of the conference. Such a program will provide the best coverage for our church ministries and the best price for all churches. The Trustees are also equally of the opinion, based upon work with the companies interviewed, that many of our churches are underinsured and run the risk of not being able to rebuild existing structures after a loss or respond to significant casualty losses.

Even though the Board is not bringing a recommendation for a “mandatory” program at this time, the Board does not think it wise to cancel the current program that covers churches in the former North conference. The value of this program is that it provides a high level of coverage needed for church ministry. Whichever company the Trustees choose to cover the ministry of the churches and conference in 2011, coverage will be at a lower overall cost than is currently being charged former North conference churches, due to the work of the Board with the potential carriers.

Therefore, the Board of Trustees recommends the following:

1. That the current mandatory, Conference-wide property, casualty and workers compensation insurance program for the former North conference churches become a “voluntary” program effective January 1, 2011, and that all churches in the Indiana Conference be invited to join the program and experience its quality, price and service.
2. That the Board of Trustees establishes a list of “recommended minimum coverage” that every local church should carry and notify pastors and chairpersons of local church boards of trustees of same by September 1, 2010.
3. That local church boards of trustees use this list as they seek coverage for their church and report the results of their choice of insurance and coverage each year on the Trustee Report at Charge Conference.

4. That the Conference Board of Trustees holds informational meetings in the fall of 2010, and the spring of 2011, and at these meetings describe the benefits of a Conference-wide program and discuss the program with local church leadership.
5. That each local church board of trustees seeks information from the Conference's program, including a comparative bid, once the company is chosen and the conference trustees make the information available.
6. That the conference Board of Trustees continues its work on this program and bring a further report to the 2011 Annual Conference.

Conference Policy on Sale of District Property, Assets and Discontinued Churches

The Board of Trustees recommends the adoption of the following Conference Policy on Sale of District Property, Assets and Discontinued Churches:

Property sold within the bounds of a district, such as abandoned churches, land, etc., will be considered the assets of the district, unless such property or assets are specifically intended by the donor to be directed toward the annual conference or other conference or denominational entities.

The Conference Treasurer/CFA will be the custodian of the funds from the sale of such properties, as well as funds currently being held in District Unions or similar corporations.

While the funds will have centralized administration, we will have local decision making. Proceeds from sale of district property will be used as directed by the district leadership team of the district where the property was located at the time of sale.

No district will need to have a District Union, but may if they so choose.

Proceeds from discontinued and abandoned churches in urban centers with more than 50,000 population must be used in accordance with the Discipline. The current restrictions are listed in paragraph 2548.7 (Discipline 2008) as follows: *When properties from the discontinuation of a congregation or abandonment are sold in urban centers with more than 50,000 population, the proceeds of sale must be used for new and/or existing ministries within urban transitional communities, as described in ¶ 212, and consistent with the Annual Conference's urban ministry strategic plan.*

Any assets purchased to be held for future use by a district will be held by the annual conference, with any expenses of insurance, upkeep and maintenance paid by the respective district. (For instance, a district might want to purchase property for future use as a new church start or satellite for an existing congregation.)

Mark Dicken, Chair

R. United Methodist Men

Purpose

The purpose of the statewide group is to support and establish United Methodist Men's ministries in congregations across Indiana. Our goal is "Helping men grow in Christ so others may know Christ."

2009 Actions/Accomplishments

A statewide organization of United Methodist Men came into existence with an organizational meeting in October 2009 (conference officer information is at www.inumc.org). At this meeting it was determined that the flow of communication and support from the General Commission of United Methodist Men to the local church was broken. We have been working on this communications problem and are confident that by the time of annual conference we will have in place a communications network that will get UMMen information quickly and effectively to the local churches. Support to the Men in the local church will be our number one objective in 2010.

The Indiana UMM is working to implement a new model and vision of men's ministry. We believe that the result will be men involved in all four areas of focus which will reach the world for Christ. Just a few examples of this involvement follow:

Developing principled Christian leaders. Train Men's and Scouting Ministry Specialist to serve in every District by 2012. In March 2010, John Dockery was commissioned as Indiana's first Men's Ministry Specialist, one of 16 MMS across the U.S. We have 4 Scouting Ministry Specialists in Indiana (only 46 in USA) to assist local churches in developing Boy Scout, Girl Scout, Camp Fire, 4-H and Big Brothers Big Sisters Amachi programs.

New places for new people and renewal of existing congregations. Awaken and build men spiritually as a means to revive congregations. Encourage and equip men to serve their pastors and congregations as ministry partners.

Ministry with the poor. Train UMM leaders to become advocates and friends of the poor, and eliminate the effects of poverty and racism. Expand US Hunger relief efforts through the Society of St. Andrew. The Indiana United Methodist Men ranked third in the country in 2009, with cash donations of \$15,096 to the Society of Saint Andrew. Various food field gleanings and potato drops provided many tons of food that are not included in the above cash donations.

Global health. Direct UM scout troops in advocacy and fundraising for Nothing But Nets. Care for hearing impaired Haitian Children through Hope of Hearing.

David Martin, President

S. United Methodist Women

Purpose

The organized unit of UNITED METHODIST WOMEN shall be a community of women whose PURPOSE is to know GOD and to experience freedom as whole persons through Jesus Christ; to develop a creative, supportive fellowship; and to expand concepts of mission through participation in the global ministries of the church.

Beginning January 2010, United Methodist Women officially became the United Methodist Women of Indiana. The North and South Conferences as well as the 18 districts held celebrations and times of remembrance as they closed out the 2 conferences and 18 districts. On October 8, 2009, we celebrated the uniting of the 2 conferences into one with Harriett Jane Olson, executive director of Women's Division as our speaker, and Bishop Mike Coyner celebrating communion. New officers were elected; a budget and standing rules were approved for the new conference. A pledge was made to Women's Division from the Indiana conference to further the mission and support of women, children and youth. Each of the ten new Districts met that day as well, to elect officers and approve a budget and standing rules.

As a new conference we held two Spiritual Retreats in Indianapolis, meeting on a Thursday/Friday and a Saturday/Sunday. A traditional Silent Retreat at the Sarto House in Evansville was also held in March.

Plans are underway for our School of Christian Mission to be held July 13-16, 2010, at Anderson University. The studies are: For the Love of God: John's Letters; Joy to the World: Mission in the Age of Global Christianity; and The Beauty and Courage of Sudan. Scholarships will be available for children in the Chi-Mi-Ca program, for young women to the age of 35, and for clergy. We will also offer a program for youth, Yo-Pe-Mi-Ca.

Another program that has become very popular is our Youth and Young Adult Service Scholarship Fund. (By March 1, we had given out over \$13,000.) This fund provides scholarship money to young people 13 to 25 who are participating in a work, study, or travel experience in a project supported by the General Board of Global Ministries of the UMC, a Conference Advance Special, or other projects at the discretion of the scholarship committee.

Amounts are to be determined by the Youth and Young Adult Service Scholarship Fund committee.

Jeanie Park, President

T. Ministry With Youth

Purpose

Celebrating youth, cultivating young leaders, and equipping all involved in youth ministry in the local church.

Celebrating Youth

Four youth leaders and one adult were selected by the North Central Jurisdiction to attend the UMC 2010 Global Young People's Convocation in Berlin, Germany. Breana Coppess, Kaylee Stoops, Ben Boruff, Melissa Zimmerman, and Dawn Barnes were elected from Indiana.

More than 550 youth and their leaders attended the 2010 Bishop's Confirmation Rally at Noblesville First UMC, posing questions to Bishop Mike, worshipping together, and sharing communion.

Connecting to Resources

The following resource connections have been developed to connect UMC youth throughout Indiana and provide those involved in youth ministry with resources for ministry with youth in your church (all can be accessed through www.inumc.org):

1. www.inumcyouth.org - Website highlighting events and ministries for youth. Is your church or cluster holding an event and would welcome other youth or youth groups to attend? It can be highlighted here!
2. www.youthministryconnection.org - Blog site providing resources for those who work with youth in the local church.

3. Indiana UMC Youth Workers on Facebook – Join the fan site on Facebook for updates and connection.

Coming Soon

(Event information can be found at www.inumcyouth.org)

Exploring Call Retreat, June 29, 2010 – Students entering their junior year in high school and older are invited for a day of exploring call and the candidacy process of the UMC in Indiana.

CONNECT: The Bishop's Confirmation Rally, March 12, 2011 – This annual event highlights our United Methodist connection for confirmation students in the midst of a day filled with worship, great speakers, interactive games, and communion with the Bishop.

Youth 2011, July 13-17, 2011, Purdue University – The quadrennial gathering of United Methodist youth from around the world is coming to Purdue next summer. Join thousands of youth from around the world to celebrate our faith. (To join the volunteer team visit www.youth2011.org or contact Rev. Brian Durand directly at the conference office or by email at brian.durand@inumc.org.)

U. Petitions

Petition 1

Subject: *Amend the Rules of the Indiana Conference of the United Methodist Church*

The undersigned move that the rules pertaining to the election of delegates to General and Jurisdictional Conferences be amended as follows:

Procedure for Election

Lay and clergy delegates shall be elected at the Annual Conference in the calendar year preceding the General and Jurisdictional Conferences and shall serve for the quadrennium. The number in each order (clergy and lay) to be elected shall be provided to the bishop and Conference secretary by the General Conference Secretary no later than December 2, prior to election. Persons elected to Jurisdictional Conference shall, in the order of election, be reserve delegates to General Conference.

The Sessions Committee shall provide a one-page *Willingness to Serve* form. Information sought shall include pertinent personal data, a biographical sketch, why he/she is a United Methodist, and a statement of three critical issues to be considered at General Conference. Persons eligible for election are invited to submit a completed form to the Sessions Committee by March 15, prior to the election. Copies of the forms received shall be provided to Annual Conference members in the respective order, at least 30 days prior to Annual Conference. Submission of a completed form is not essential for a person to be considered for election. ~~No person or group shall print or distribute material by any means, or otherwise promote or solicit on behalf of person(s) for election within Annual Conference meeting facility.~~ **Because the issues faced by General and Jurisdictional Conferences are so important and because voters may not personally know all persons willing to serve as delegates or eligible to serve as delegates, persons willing to serve as delegates and their supporters may distribute promotional material intended to truthfully, accurately and positively inform the voters of issues or persons willing to serve as delegates, outside the auditorium or at its entrances. Promotional signs should not be displayed within the bar of the annual conference or visible from the voting area. Christian standards should be followed in all of this, and in no case should material or lists of who "not to vote for" be distributed.** The Sessions Committee shall provide opportunity, prior to the first ballot, for members of the Annual Conference to meet and talk with persons willing to serve.

The Conference Secretary shall arrange for a Head Teller and a sufficient number of tellers in each order to count the ballots. Ballots counted at the close of any session shall be sealed and the results not known until reported at the next session. Voting shall be on official ballots, with the number of names voted for each ballot being exactly the number announced by the bishop. On write-in ballots, the names of those voted for must be spelled correctly. Majority of valid ballots cast shall constitute election. Balloting shall continue in each order until the allotted number of delegates for General Conference is elected. Following completion of these elections, balloting shall begin for Jurisdictional Conference delegates, continuing until those delegates have been elected. When all delegates have been elected, an additional ballot shall be taken in each order, with those receiving the three highest votes constituting the additional reserve delegates. These reserve delegates may act as reserve delegates to General Conference when it is evident that not enough of the previously elected reserve delegates are in attendance at General Conference (Paragraph 34).

Rev. Joseph N. Easley

Rev. Mark L. Dicken

Petition 2

Subject: *Intentional Interim Pastoral Ministry*

- A. Many other denominations (Presbyterians, Christians, Mennonites, etc.) designate certain pastors to serve in short-term pastorates that prepare for a more permanent appointment. These interim pastors conduct a variety of procedures within a special open atmosphere created in the church at this time.
- B. Rather than focusing on new ministry goals, outreach strategies, or program development, interim pastors are free to work in the following adjustments:
 - a. HEALING congregational rifts and differences that may have developed during the previous pastorates.
 - b. RE-EVALUATING old goals and policies, with a view to changing and adjusting to new ones.
 - c. Identifying the strengths of the desired NEW PASTOR's leadership style, so that they may be clearly articulated to the Cabinet.
 - d. Supporting the congregation through the grieving process resulting from the loss of the previous pastor.
 - e. Reconnecting DENOMINATIONAL ties that may have been strained in conflicts during the previous pastorate.
- C. Interim pastorates may follow either short or long term previous pastorates – wherever the same needs and conditions are present.

WE RESOLVE that the Cabinet of the Indiana Conference identify, and appoint, at least one pastor to be trained to serve churches within the conference, in an interim capacity. This ministry shall be evaluated within ten years, to determine its effectiveness. Salary needs must not be neglected. No additional funding need be increased to facilitate this ministry status.

Rex Charles

Flora United Methodist Council

VII. District Superintendents' Reports

A. Cabinet Address and Resolutions

Cabinet and Laity Address

The Cabinet and Laity Addresses were given together as a dialogue by Dr. Cindy Reynolds, Cabinet Chair, and Ike Williams and Kayc Mykrantz, the Indiana Co-Conference Lay Leaders. They were joined by Bert Kite, Central District Superintendent, who, acting as John Wesley, commented in character.

Dr. Reynolds: We are in the midst of living in a new creation. It is God who creates. Remember the story from Genesis? "In the beginning God created out of the chaos." I believe God is alive and well and still creating. I know there is chaos! However, I believe that in this chaos, we have the opportunity to remember our roots and our dreams, as we open ourselves to be shaped by the power of God's Spirit into a new people for a new world proclaiming the message of God love and salvation.

I want to thank Bishop Coyner, David VW Owen, the 5 Directors, the Associate Directors, the Conference Staff, the District Assistants, the 5 Associate District Superintendents and my 9 Cabinet colleagues. All of these people have given more than was asked of them to help shape this new creation. Will you share with me in showing our appreciation for them and their ministry?

As part of our dream for the new creation, we are re-claiming our covenant of laity and clergy working together to be the United Methodist movement for the 21st century. Therefore, I invite Kayc Mykrantz and Ike Williams, the Indiana Conference Lay Leaders to join me at the table.

Ike and Kayc, the members of the Cabinet know that what we do in our ministry affects the lives of people across the state of Indiana. It has impact on local congregations, clergy families, and local communities. With every decision we make, we seek to be faithful to the mission of the church to make disciples of Jesus Christ for the transformation of the world. We keep before us the goal to encourage and support the ministry of Jesus Christ through local congregations and hold them accountable for their mission and ministry.

The Cabinet resolutions are brought to this gathering for approval as part of our ministry. Bishop Coyner, I recommend approval of the Cabinet Resolutions as presented in print when people registered.

Kayc Mykrantz: Cindy, you spoke about words and dreams and the 21st Century United Methodist movement. You know, word – community – song – are all things that we have valued for hundreds of years. When the Evangelical United Brethren and Methodists united in 1968, it was to continue to build the Kingdom of God - together. And part of that heritage is the ministry/the priesthood of all believers – both clergy and laity – because ALL are called. God wants to use all of us. I guess I'm sounding a little Wesleyan, eh?

Ike Williams: The Methodist Movement began because the Anglican Church was failing to spread Scriptural holiness and was not reforming the nation as was its call. The Methodist movement was a people who were working together talking about building the kingdom of God through song and word and community.

As many know, the Methodist Movement was built upon the calling and ministry of John Wesley. Hey! Wouldn't it be great to be able to hear from our founder John Wesley, to know how he would view our new creation and our ministry?

Mr. Wesley: Did I hear someone calling my name? Yes Mr. Wesley is here!

The people called Methodist have always been those who have known that lay people as much as preachers are called to live out the love of Jesus in their lives!

God yearns to set each of us on fire with his love, and then we are called to live out that love through personal piety and social holiness.

Who among you, sisters and brothers, does not know that the love of Jesus is to be a partnership? There is none – no not one! – who is not called by Our Lord to love the Lord with all our heart, soul, mind, and strength!

Kayc Mykrantz: Mr. Wesley, didn't your ministry begin outside the walls of a church – in the field, in the mines, out where people lived and worked?

Ike Williams: Eighty percent of our local churches are literally in the fields in rural Indiana. However, some fields look different in the 21st century. They are cities and towns with sidewalks and highways. How do you see us being in the fields today?

Mr. Wesley: Yes, it tis true that often I preached at 5:00 a.m. at the entrance to the mines as the poor workers – and often little children! – would arrive for work. Also I preached many places outside of our buildings ... I can thank Mr. Whitefield for that. He urged me to be "more vile," as he said, so that we would reach the people where they lived and worked. We did not just wait until Sabbath worship to preach to them the love of Jesus. Are you asking should you do the same? Of course!

I know not how your world is ordered, where the people work, relax, gather and fellowship – but I urge you to BE WITH THE PEOPLE! Go where they are! Listen to their needs! Take our Jesus to them!!!

Dr. Reynolds: Mr. Wesley, I hear you say that you still want the Methodist movement to reach out and be active in our communities. I think every clergy can still make at least one new believer a year and that every local church can make at least one new believer each. Do you think that is possible, and how might that happen?

Mr. Wesley: Now let me get this straight: You are making a modest goal that each clergyperson should make one new believer A YEAR?! God forbid! These preachers of mine should be making AT LEAST one disciple every month!

In my day, if one of my preachers could only make one disciple a year, I would say that this one is not fit to be a leader of the churches of the Methodist movement! A preacher – if God is setting him on fire – should be, through God’s prevenient, justifying, and sanctifying grace, should be making disciples of Jesus. Then when they are converted, their lives will transform the world, as I believe your Annual Conference’s mission statement says...

Why I remember in Bristol in 1739, when there were hundreds of new disciples of Jesus coming to the Methodist movement, that I even had to pay with my own money to have the New House at Bristol constructed.

Ike Williams: Mr. Wesley is right, only one new believer a year is not even a good start, one per month is better, but only a start. Laity can and must make disciples. In Indiana we have about 1,200 clergy and over 200,000 laity. In the business world we would call that leverage. This challenge goes to clergy and laity working together to bring people to Christ.

Kayc Mykrantz: You know, Mr. Wesley, we Laity are out in those fields you talk about every day meeting and influencing those we contact. We influence by our words and – most importantly – by our actions.

Williams/ Mykrantz: Today the ways we reach out and help people come to know Jesus Christ might look like every congregation tithing in order to share the blessings God has given us, a new worship service within the walls of the church or at a new site, mission that makes a difference for the cause of God’s Kingdom in our local community and beyond, a new small group that studies together, loves one another, and holds one another accountable to grow spiritually, an already established group that multiplies in order to broaden its effort and broadcast God’s love, New United Methodist Men and Women’s groups ... It could look like a cluster group working together in mission and ministry. It could be a group that, through prayer, receives a brand new idea or direction from God and then acts. In fact, it could even be that some of those fields we have been talking about are out in cyberspace! No matter what, however, if we are staying true to our good roots, it is in being and working together – clergy and laity – that God’s Kingdom will be built and God will receive the glory God is due.

Dr. Reynolds: It looks like you are saying we need to be partners with God in creating new opportunities for people to come to know Jesus Christ as personal savior and to learn how to live in relationship through the power of the Holy Spirit and to join the creating presence of God.

Kayc Mykrantz: It is like a never ending cycle of creating new things as partners together with God.

Ike Williams: That leads to the challenge we want to bring to you today...

Dr. Reynolds: We challenge every clergy to personally lead at least one new person to Christ this year and to nurture one new disciple in their journey of faith development.

Kayc Mykrantz: We challenge every laity to personally lead at least one new person to Christ this year and to nurture one new disciple in their journey of faith development.

Ike Williams: We challenge every local congregation to be intentional about reaching into their community, being with the people and sharing the message of God’s salvation, and that every congregation will grow in their discipleship of radical hospitality, passionate worship, intentional faith development, risk-taking mission and service, and extravagant generosity.

Mr. Wesley: (Mr. Wesley reads Matthew 28:16-20, KJV) You have heard this word from the Lord... Now go do it! You preachers – you let God set you on fire so people will come to watch you burn! You folks in the churches – get out of those churches and live the love of Jesus with your family, your friends, those with whom you work! And those of you who just think this is FOR EVERYBODY ELSE – it’s you I want to speak about the most!

John Wesley then calls Bishop Coyner to repeat with him:

Do all the good you can.... Now – go do it!!

Dr. Reynolds: Bishop Coyner, this concludes the Cabinet and Laity Address. I move the acceptance of our reports.

Cabinet Resolutions

Be it Resolved That the Following Charge Changes and Alignments Take Place:

1. That a two-point charge be created consisting of North Liberty and Sumption Prairie (North District), effective 7/1/09.
2. That New Bethel UMC (Jefferson County, Southeast District) be discontinued and abandoned effective 3/1/09.
3. That the Wayside/Bono Charge (West District) be dissolved effective 7/1/09 and that they both become part time appointments.
4. That the Pilchers Chapel UMC and Pleasant Grove UMC circuit (Northeast District) be dissolved effective 9/30/09.
5. That the Eastlawn UMC (Northwest District) be discontinued and abandoned effective July 19, 2009.
6. That Grace UMC (Indy East/Central District) be discontinued and abandoned effective 12/31/09.
7. That the Flora/Bringinghurst Charge (Northwest District) be dissolved effective 7/1/10.
8. That the Grace Community Church of Fountaintown (Central District) become the Fountaintown UMC as of 12/31/09.

9. That Morton Memorial UMC and Park Place UMC (South District) merge and create a new congregation named Park Memorial United Methodist Church effective 4/15/10.
10. That New Richmond UMC (West District) be discontinued and abandoned effective 12/31/09.
11. Whereas the Monson Chapel United Methodist Church in South Bend (North District) has followed all the Disciplinary requirements to change the name of their church, Therefore be it Resolved that the name of Monson Chapel United Methodist Church be changed to Monson Community United Methodist Church, effective July 1, 2010.
12. Whereas the chartering documents of the church known as Lake of Four Seasons United Methodist Church, located in Porter County, Winfield (North District), indicated the name of the church shall be Church of the Four Seasons, And whereas the members of the church desire to reclaim their original chartered name, Therefore be it resolved that the Church known as Lake of the Four Seasons be officially named Church of the Four Seasons, effective 7/1/10.
13. Whereas all the Disciplinary Requirement have been met and Whereas the New Song Fellowship (North District) has meet all the requirements of the Indiana Conference Church Development Team, Therefore be it resolved that the New Song Fellowship United Methodist Church be chartered as a United Methodist Church located in the North District of the Indiana Conference in the city of Valparaiso, effective June 1, 2010. Furthermore, let it be known that the Rev. Kurt Nichols has been appointed to serve this charge.
14. The Lena Harmony charge (West District) will become part time as of July 1, 2010.
15. Darlington UMC (West District) will be part time as of July 1, 2010.
16. Be it resolved that the Westville United Methodist Church in the North District be aligned/yoked with the Hamilton Grove Retirement Community in the North District as a two-point full-time charge.
17. That Zoar (Southeast District) be discontinued and abandoned, effective 2/28/2010.
18. That Brooksbury (Southeast District) be discontinued and abandoned, effective 12/31/2009.
19. That Milford (Southeast District) be discontinued and abandoned, effective 12/31/2009.
20. That the Kewanna/Pleasant Hill Charge (Northwest District) be separated as of July 1, 2010.
21. That Albion Trinity and Albion Asbury (Northeast District) become a charge, effective July 2, 2010.
22. That the West Terre Haute First/Bethesda Charge (West District) be discontinued and that each church become a separate appointment effective January 1, 2010.
23. That the Connersville New Life UMC (East District) be discontinued and abandoned effective August 1, 2009.
24. That effective December 31, 2009, Movie Theatre Church cease to be aligned with Old Bethel UMC (Central); And be it further resolved that effective January 1, 2010, Movie Theatre Church be established as a separate charge.

Statement to Clergy and Congregations Regarding Rejuvenate:

The Bishop and Cabinet are thankful for the leadership of the clergy of the Indiana Conference to parishioners and non-parishioners alike.

We recognize that many people are facing economic challenges caused by educational and family debt. We know that our clergy in the Indiana Conference are not immune to these same economic challenges that their parishioners are facing. As Bishop and Cabinet, we are empathetic toward those clergy and congregational members who are facing such economic challenges.

We worry about what impact this has on their ability to serve the church. We know the stigma that our clergy may feel about this and we stand with our clergy and congregations to overcome this struggle.

We fully endorse the Rejuvenate project as a way of helping our pastors and congregations face this reality. Although the details of a pastor's finances are kept confidential by the Rejuvenate project, we affirm those pastors who participate in this project and develop a plan to become financially healthy as a person, family, and pastoral leader.

When a pastor is to be considered for a pastoral assignment we see their involvement in Rejuvenate as a significant asset which they bring to the pastoral leadership of the congregation. We also affirm the support a congregation provides when they participate with their pastor in the Rejuvenate project.

Our expectation is to have well equipped and financially sound pastoral leadership for all our churches.
 --from Bishop Coyner and the Cabinet of the Indiana Conference
 of The United Methodist Church, adopted May 19, 2010.

Housing Allowances

Historically, The United Methodist Church and its predecessor denominations have operated within an appointive system in which the support of a pastor has included the provision of a house (parsonage) which meets qualifications for a standard parsonage. It is affirmed that our appointive itinerant system of ministry is best facilitated when parsonages are provided by local churches and/or Annual Conference agencies. In recent years, some congregations have asked permission to furnish a housing allowance rather than provide a house. Since there are situations in which such an arrangement is no detriment to the appointive system, there is a need for a policy

statement. That policy shall be as follows: (In the following, “church” or “local church” also refers to Annual Conference agencies.)

- A. The Administrative Board/Administrative Council shall request of the Cabinet and Bishop written permission to exercise the option of a housing allowance. A written statement by the pastor that he/she joins in the request and will not use the existence of such arrangement to resist future appointments shall be filed with the request. These written requests shall be filed and approved before the plans for such a procedure are completed.
- B. The housing allowance shall be large enough to provide housing in compliance with the standard parsonage. The suitability of such an allowance shall be determined by the Pastor/Staff-Parish Relations Committee in consultation with the District Superintendent and the pastor involved and approved by the Administrative Board/Administrative Council or Charge Conference.
- C. When a housing allowance is provided, the allowance shall be sufficient to cover Conference policies regarding utilities, equipment, maintenance and insurance.
- D. If such an agreement is made and the pastor involved does not have adequate funds for a down payment, the church shall lend the pastor this amount at a rate of interest no more than the average rate being received on funds invested by the church or at the rate received on funds invested as a result of the sale of a parsonage.
- E. Every church must be willing to provide a parsonage rather than an allowance if a newly appointed pastor prefers.
- F. A newly appointed pastor has no obligation to purchase the house of his/her predecessor.
- G. If a pastor desires, a housing allowance may be used for rent. In such a case, B, C and E above shall still apply.
- H. When a church enters into this arrangement and sells its parsonage, an amount of the sale sufficient to purchase another standard parsonage is to be kept and invested for the purpose. An amount sufficient to purchase another standard parsonage can be determined using the following formulae: 1) All of the sales price invested for future purchase; or 2) twenty percent of the sales price plus an amount estimated to make a down payment sufficient to provide for no more than a twenty-year mortgage that has monthly payments that can be afforded by the local congregation and an amount sufficient to make twenty-four consecutive mortgage payments, all invested for future purchase (these amounts can be based on current market values). Interest should be accrued to match inflation. However, the church may use some or all of the interest to help provide a housing allowance, with the clear understanding that, if the church has to purchase another parsonage in the future (See E above), it shall have to provide whatever additional funds are necessary for such a purchase. Such an arrangement shall be made a matter of record in the minutes of the Charge Conference or Administrative Board/Administrative Council.
- I. Exception to this restriction may be granted in specifically designated instances to allow use of equity and/or accumulated assets from the sale of property to provide for congregational redevelopment efforts including program and staff. Such exception may be granted by the bishop and the cabinet upon request of the local church in consultation with congregation development staff. A clear and detailed three- to five-year redevelopment plan that projects a self-supporting ministry must accompany the request. In addition, proceeds in excess of the amount set aside for future parsonage purchase can also be used for improvements to an existing parsonage being lived in by an appointed pastor, or to purchase a building or make improvements to an existing building which will be used for the ministry of the local church. These exceptions do not nullify the requirements delineated in E above.
- J. At times a charge may have more than one parsonage due to the charge alignment. When the churches involved, in consultation with the District Superintendent and the District Committee on Church Location and Building, determine it is unlikely that one of the parsonages will ever be used again, that parsonage may be sold (according to the provisions of the Book of Discipline). Acceptable options for use of the money are:
 - 1. Invest the capital and use the interest to help maintain the parsonage in use.
 - 2. Invest the capital and accrue interest against the possibility that the church might have to furnish a parsonage if its charge alignment situation changed. This arrangement does not release the church from the possibility of having to provide a parsonage in the future.
 - 3. Use the funds for capital improvements and/or for missions projects.
 - 4. Create an endowment fund, using interest for capital expenditures or missions or maintenance, or some other specific purpose in consultation with the District Superintendent.
- K. The pastor may waive the requirements under paragraph D. This must be done in writing with copies filed in Charge Conference and with the District Superintendent.
- L. Any pastor or church operating under arrangements established prior to South Indiana Annual Conference 1991, may follow the housing allowance guidelines in the 1990 South Indiana Conference Journal (page 377).
- M. Neither pastors nor congregations are to interpret any of these provisions so as to circumvent participation in the appointive system of The United Methodist Church.

- N. When an incoming pastor requests a housing allowance in lieu of a parsonage, concurrence is to be made by both Pastor- Parish Relations Committee and Administrative Board/Administrative Council.

Standards For An Adequate Parsonage

The Indiana Conference, adopted June 2009

In recognition of the need for common understanding of parsonage expectations in the longtime close relationship between lay persons and their pastors, the Annual Conference has adopted the following standards for appropriate parsonage housing. It is the hope of the Annual Conference that every parish will provide a parsonage that the church can be proud of since we are a parsonage conference.

We call the attention of all pastors and lay persons to the statement in the Discipline, which says, "The chairperson of the board of trustees or the chairperson of the parsonage committee, if one exists, the chairperson of the committee on pastor-parish relations, and the pastor shall make an annual review of the church-owned parsonage to ensure proper maintenance." (Par. 2532.4 2008 Book of Discipline) The parsonage is to be mutually respected by the pastor's family as the property of the church and by the church as a place of privacy for the pastor's family.

The House

It is essential that there be:

1. a living room
2. a dining room
3. a family room or recreational room
4. three bedrooms
5. a kitchen with adequate built-in cabinets, counter and work space
6. two baths
7. a utility area
8. an adequate laundry area
9. closets in all bedrooms, study, entrance hall and linen storage
10. a two-car garage
11. bulk storage area
12. insulation
 - a. In the case of a new parsonage, full insulation of ceiling, walls and floors.
 - b. Older parsonages should be updated in an effort to be good stewards of energy resources.
13. automatic central heat and air conditioning
14. storm or thermopane windows and storm or insulated doors, with screens for the entire house
15. window coverings throughout house
16. carpeting or attractive flooring in living and dining areas; appropriate floor coverings in kitchen and finished flooring in the remainder of the house
17. adequate wiring which meets standard of local safety codes, sufficient outlets and attractive fixtures
18. a study/office with provision for privacy either at the parsonage or at the church
19. outside lighting

It is desirable that there be:

1. a fourth bedroom with closet, with at least one bedroom on the first floor
2. an attached two-car garage
3. a study located at the parsonage and an office at the church
4. a garden area
5. additional storage space
6. a second bath or half-bath for each floor

The Utilities and Appliances

It is essential that there be:

1. an electric or gas cooking range with oven
2. a microwave
3. a garbage disposal
4. a dishwasher
5. automatic washer and dryer
6. hot water heater with adequate capacity
7. refrigerator with adequate freezer space
8. basic cable or basic satellite TV
9. private telephone service and equipment
10. soft water service where needed
11. a power lawn mower or lawn service
12. adequate sewage disposal

13. smoke detectors, carbon monoxide detectors, and fire extinguishers, (especially kitchen and near furnace) as required by state fire code for rental property
14. high-speed internet connection via cable modem, DSL or other method, or if such service is not available in the locality, an additional telephone line that may be dedicated to a dial-up internet connection

It is desirable that there be:

1. a food freezer
2. cell phone service provided for the pastor (whether in a parsonage or on a housing allowance)
3. an automatic garage door opener
4. snow blower

General Items

1. The interior, exterior, the garage, and all equipment should be kept in good condition and repair and the exterior appearance attractive.
2. It is essential that the primary minister's study be supplied with computer, high speed internet service, printer, telephone, bookshelves, desk and chair, and copy machine. It is desirable that a fax or scanner be provided.
3. It is desirable that the parsonage home be readily accessible to school, shopping center, and church.
4. All new parsonage construction and/or purchase must meet, as a minimum, the housing construction codes for the county involved.
5. Every effort should be made to provide energy efficiency and handicapped accessibility in all new construction. It should be as maintenance-free as possible.
6. Property and contents insurance standards yet to be determined
7. The essential standards are to be met or exceeded in all purchased parsonages and/or new construction and are to be a goal for all existing parsonages.
8. The family leaving the parsonage is expected to leave it in good order and clean. Unreasonable damage shall be paid for by the family doing the damage. (See policy on "Unusual Damages to Local Church Parsonages.")
9. An air quality test for molds is to be conducted every other year in each parsonage, and the results be reported to the Charge Conference; and that if the test shows excessive mold contamination, remediation is to start as soon as possible, with the pastoral family located to clean temporary housing. It is recommended that the same test be done in churches.

Unusual Damages To Local Church Parsonages

The Indiana Conference of The United Methodist Church is known as a 'parsonage' conference. This means that churches are expected to provide parsonages, and pastors and their families are expected to make these parsonages homes. To assist in the appointment of pastors and churches, the Annual Conference has adopted certain standards for parsonages and it expects that these standards will be the norm for all local churches as well as the Annual Conference. Most parsonage families and churches in the Indiana Conference exercise excellent stewardship in caring for church-owned parsonages. There are, however, times when unusual damages occur.

General Destructiveness: Unusual damages to church parsonages include those elements of destruction over and above the usual wear and tear which comes from family living.

Pets: Pets are an integral part of many parsonage families. Pastors are expected to reimburse the church for parsonage damage beyond the normal wear and tear of living and this certainly includes responsibility for parsonage pets. Because of the unknowns with regard to pets, a local church may ask the pastor for a pet deposit. A deposit of \$600 is not an unusual requirement in the real estate industry, nor should it be for the church. It is suggested that this could be withheld in six payments over a six-month period and then upon the move of the pastor it will be refunded to the pastor if the pet has done no damage. If damage is in excess of this amount the pastor is expected to reimburse the church/conference for actual damages.

Guidelines for Handling Unusual Damages:

1. The Pastor-Parish Relations Committee and the Board of Trustees are encouraged to establish a scheduled inspection of parsonage facilities at least annually and have an open discussion of their findings with the pastor and spouse. This will permit both parties to review the general deficiencies of the parsonage and define programs and time-tables for improvement.
2. Any unusual findings shall be reported to the district superintendent.
3. Unusual damages should be paid for by the pastor involved. Various approaches for repayment of unusual damages may be necessary, including:
 - a. Withholding of funds from the pastor's salary.
 - b. Creating a repayment schedule which might follow the pastor to his/her next assignment.

- c. Creation of an escrow fund for unusual parsonage damage by those parsonage families who are identified as habitual offenders.
- d. In every case, the handling of such matters must be done in consultation with the supervising district superintendent.

Vacation Policy For Pastors

All pastors serving a full- or part-time charge or Conference position within the Indiana Conference shall be granted, and are strongly encouraged to take, annual minimum vacations between Annual Conference sessions according to the following schedule:

<u>Years of Service</u>	<u>Completed Number of Weeks</u>
Less than 5 years	3 (including 3 Sundays)
5 years or more	4 (including 4 Sundays)

The Pastor-Parish Relations Committee or appropriate supervisory committee should ask that the pastor report annually, preceding the Annual Conference, regarding vacation time taken during the conference year. In this schedule, “years of service” is interpreted to mean effective years as indicated by the Conference Journal. “Vacation” is interpreted to mean freedom from any responsibility in the local church or charge, cluster, district, conference, area, jurisdictional, or General Conference. Vacation should be a time of rest, recreation, and renewal. It should not be considered by the church to mean that the pastor would be working at church camp, attending a national convention for some board, commission, or committee of the Conference to which he/she may be a member, or other such activity. Student pastors who reside on the charge shall be granted 2 weeks paid vacation between Annual Conference sessions, including 2 Sundays, after completion of one full year of service from the first Sunday without regard to Annual Conference meeting.