

PLANNED EXPENSE FUND
Guidelines

Overview

We have a wonderful church building and parsonage built and maintained by our wonderful Christian brothers and sisters before us, who loved and grew our BUMC church family and facilities to what they are today. We have a comfortable place to worship, learn, study, have Christian fellowship, break bread, sing, laugh, learn, pray, grieve, rejoice and praise our Awesome God. We have a beautiful Sanctuary where all are welcome. People's lives are transformed through Jesus Christ within the walls of our church. Christian outreach begins from there and spreads throughout our communities and the world.

Thanks to the efforts, foresight, diligence and strong faith of our predecessors, we are blessed with a church building worth more than four million dollars, which is totally debt free! We have a functional and comfortable parsonage, which is also debt free. Our facilities provide a hub for the entire community. We invite and make our church available to Boy Scouts, service groups, recovery programs, a for-profit preschool, and a multitude of other groups throughout the year. We are made stronger by sharing our many resources and blessings with the community.

Our church building is maintained through the care of our Staff, the Trustees, and all who use it. It is a busy place that enables our programs, staff and lay people to be in effective mission and ministry as we seek to take Christ's Good News to all.

For decades, when something needed to be replaced or major repairs done, the Trustees sought approval and funding on an "emergency" basis as each system broke, with repairs often occurring well beyond the normal useful life of the system in question. Because funds were not allocated in the church's regular operating budget, each major repair or replacement event became a funding crisis. Administrative Board reacted crisis by crisis by drawing from the General Reserves (which had been slowly built up over decades), conducting a capital campaign, or both.

Planned Expense Fund

In October 2016, the Administrative Board approved a different approach to maintaining our church building and parsonage for our ministries and programs. Our Trustees took their knowledge of which systems and equipment need to be regularly repaired, refurbished or replaced, and developed a plan for those major expenses. The Planned Expense Fund enables the Trustees to proactively plan for predictable repairs and replacements and have a source of funding for expenses that are sure to come.

Through a combination of a Capital Campaign and a transfer of funds from the General Reserve, the Planned Expense Fund has been established. It is a 'Restricted Fund' to be used only for the major repair, refurbishment and replacement purposes described in the rolling Five Year Plan (described below). Instead of every foreseeable major repair or replacement becoming a budget crisis, the Planned Expense Fund provides funds to enable the Trustees to proactively address the predictable major needs in advance and on a regular schedule.

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Responsibilities

Per the Book of Discipline, the Trustees are responsible to oversee, maintain, repair and improve the church building and parsonage. They have the records and experience to maintain a regular repair and replacement schedule for the significant equipment, systems, and facilities of the church building and parsonage.

Per the Book of Discipline, the Finance Committee is responsible to oversee and manage the finances of the church. This includes operating budgets, building funds, stewardship programs and capital campaigns.

The Administrative Board is our highest governing body, providing long-range vision, guidance, and discernment around major decisions and policies affecting our church facilities, finances and ministries.

Guidelines

The Trustees are to annually develop and maintain a rolling Five Year Plan, detailing their best estimate of the repair, refurbishment and/or replacement schedule for significant structures, systems, and components of our church building and parsonage. The Five Year Plan will be presented at the first Administrative Board meeting of each calendar year, detailing actions completed the prior year together with updates to accommodate new ministries, programs, information and developments arising each year, and taking new estimates of costs and expenses into account. While the actual timing of repairs or replacements may not occur in the order predicted in the Five Year Plan, that Plan still provides a reasonable guide for a prioritized action plan to keep our facilities comfortable, efficient and effective in support of our ministries and programs.

With each year's updated Five Year Plan, the Trustees will also propose for Administrative Board's approval an Annual Expenditure Amount. This is the projected amount needed from the Planned Expense Fund to undertake the Trustee's prioritized projects for that calendar year. During the year, so long as aggregate expenditures for that calendar year do not exceed the approved Annual Expenditure Amount, the Trustees can draw from the Planned Expense Fund without first seeking approval from the Administrative Board, even if individual projects completed are not be in the same prioritized or chronological order as set forth in the Five Year Plan. In this manner, the Trustees will have the flexibility to re-prioritize projects during the calendar year as reality or emergencies occur. If the Trustees are unable to re-prioritize and pay for needed projects as impacted by actual experience as the calendar year progresses, or if the Trustees are unable to stay within the Annual Expenditure Amount approved for that year, then further Administrative Board approval is needed before additional funds may be drawn from the Planned Expense Fund. The Trustees will report on any funds drawn from the Planned Expense Fund at quarterly Administrative Board meetings, including a description of the purpose and expense for which those funds were spent. The Finance Manager will also provide Finance Committee with a monthly update and reconciliation.

The Finance Committee is responsible for maintaining the available balance in the Planned Expense Fund for timely use by the Trustees. In addition, Finance Committee is urged to partially supplement the Planned Expense Fund each year, taking into account the scope of the Five Year Plan and funds already available. The Planned Expense Fund may be supplemented annually to help prepare for future expenses in the Five Year Plan that the Trustees know will be incurred over time. If major

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expenses are incurred that materially reduce or deplete the Planned Expense Fund, the Finance Committee should work with the Trustees, Administrative Board and other church committees to identify the means, including supplemental stewardship campaigns, to replenish the Planned Expense Fund for future predicted needs.

The Administrative Board will annually review and approve the updated Five Year Plan and an Annual Expenditure Amount to enable the Trustees to proactively keep our facilities in good condition and repair, always taking into account the broader vision of the church and the changing needs of our congregation, our ministries, our staff and our programs.

