



IOWA ANNUAL CONFERENCE



TREASURY NOTES

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Local Church Debt

In recent weeks we have heard so much in the news regarding debt and credit crunch; I decided to try and understand the debt of local United Methodist Churches in Iowa. The following is a comparison of the debt of local congregations in Iowa compared to assets. I also decided to see if there is a trend and so I looked at the last thirty years as reported in the statistical tables.

The first number reported is the *value of all local church assets*. The assets include value of the church building, land and contents, parsonage and contents owned by the church and investments of the local church as well as cash.

The second number is the *indebtedness of the churches at year-end*.

The third number is the *percentage of indebtedness as it relates to assets*.

1977

Value of Assets	\$223,428,713
Indebtedness	4,658,588
Percentage	2.09%

1987

Value of Assets	\$430,755,660
Indebtedness	5,093,922
Percentage	1.18%

1997

Value of Assets	\$609,398,643
Indebtedness	18,013,519
Percentage	2.96%

2007

Value of Assets	\$1,000,840,739
Indebtedness	37,668,261
Percentage	3.76%

These are raw numbers and have not been adjusted for inflation. However, if we adjusted

the 1977 numbers for inflation they would be \$790,150,064 for the value of the assets and \$15,769,198 for the value of our churches indebtedness.

In looking at the raw numbers, the percentage rate to assets would indicate that the indebtedness is not a problem. However, each church who has a debt should consider its own ratio to assets. As you know over the last few months, the value of buildings and land has been decreasing. Also, for churches who have investments that may include equities, their own portfolio may have taken a major hit in these last few days thus, changing the asset to debt ratio.

Another way to understand the change in the indebtedness of local congregations is to compare the debt to membership. Even though not all congregations have a mortgage or other indebtedness we are a connectional church in which we share our ministries.

In 1977, the membership in Iowa was 267,895. The local church debt per member was \$17.39.

The total membership in Iowa for 1987 was 225,912. The local church debt per member was \$22.55.

The 1997 membership in Iowa was 202,849. The local church debt per member was \$88.80.

The 2007 membership in Iowa was 189,441. The local church debt per member was \$198.83.

If we adjust the 1977 per member debt for inflation, that amount would be equal to \$58.86 in today's currency. Therefore, you can see that over these thirty years, the per member debt load for Iowa has increased.

When does the debt of a local congregation become a concern? The answer is the same as it is for an individual. When servicing the debt means that the church cannot pay its other

obligations including apportionments or they cannot sustain adequate staff for the size of the congregation, it is a problem.

In today's market refinancing if necessary could also become a problem, either in finding a suitable lender or interest rates.

Mileage Reimbursements

Our office frequently receives questions about if or how much an individual has to be reimbursed for their mileage.

Only pastors and Conference staff have to be reimbursed at the IRS rate and the rates are set for volunteers for Conference level Boards and Agencies at 15 cents. However, outside the Conference, it is up to the church or agency what is paid to volunteers and other employees as long as you are consistent. (It would be best to have an official policy.)

Keep in mind that anything paid to volunteers over 14 cents per mile would be taxable to the individual (which is up to them and their own tax return). Commuting miles should never be reimbursed.

Health Insurance Enrollments

At the end of October or early November each pastor will receive a packet of information regarding their health insurance choices. During this time a pastor may change plans between the High Deductible Plan and the Traditional PPO. No return of enrollments will mean that you are staying with your current plan.

However, every pastor, every year must complete the forms for their *Health Savings Account*, *Health Reimbursement Account*, or the *Flexible Spending Account*. These forms must be returned by the end of November in order to have time to process the changes. Not returning the forms means you will not be enrolled in the plans, and this can have a negative tax consequence and will negatively affect your resources to pay for health care.

Watch for the mailings and do not place them aside to do later. Please respond immediately so that Direct Bill and your account may be activated in a timely fashion.

Retirees Health Insurance

November is the month when each retiree can decide if they want to change their Medicare supplement program. The Conference offers two plans; the *Traditional Medicare Supplement* plan and the *Medicare Advantage*. Watch for the mailings. If you do not want to change plans, you do not need to respond to the mailings. As of the writing of this month's Treasury Notes we do not know what the Medicare Supplement rates will be for 2009.

Journals Have Been Mailed

By now you should have received your 2008 Iowa Conference Journal. If there has been some difficulty with your order please contact Jill Stanton at the Conference Office.

Also, please send any corrections or changes for the Journal to Jill Stanton at Jill.Stanton@iaumc.org. Thank you.

September Receipts

Again, the September apportionment receipts have been good. As you can see from the chart below your giving has made the receipts higher than the four-year average and higher than last year. Also, to date for 2008 we have received \$409,427 in prior year apportionments paid. Thank you to those congregations who are making an effort not only to be current with this year's apportionments but also pay on your previous year's apportionments.

The faithfulness in your generosity has been most appreciated by those agencies that depend on your giving to support their ministries. As we share in the ministry of Jesus Christ all over the world, your timely payments make a significant difference in the lives of many people. Thank you for your faithful response.

	2007	4YR AVG	2008
General Church	1,057,070 45.70%	1,026,882 44.69%	1,473,266 60.56%
Conference Ministries	5,310,322 52.48%	5,074,057 51.43%	5,095,830 50.40%
Conference Missions	1,335,548 44.98%	1,241,305 43.89%	1,420,616 45.34%
Total Apportionments	7,702,940 50.02%	7,342,244 48.97%	7,989,711 50.97%