

How is the 2007 Fair Share Apportionment (FSA) Calculated?

This outlines the method used for determining the FSA for a local congregation. The statistics for calculations are always historical. For example, the 2005 Statistical Tables (I and II) provide the numbers for the 2006 Annual Conference Journal and are used to calculate the 2007 Fair Share Apportionments.

As approved at the 2005 Annual Conference and first used in 2006, churches will be apportioned a single Fair Share Apportionment (FSA) utilizing a formula that eliminates both membership and the Conference FSA paid in the previous year. For 2007, a single conference 'decimal' is calculated based on the approved 2007 conference budget divided by the total of all church operating expenditures used in the formula as submitted in the year-end 2005 Local Church Report to the Annual Conference (Table II) and adjusted for the cap as explained below. The operating expenditures used in the formula consist of the following Table II line items:

- Line 56 (District Administration Funds);
- Line 64 (Pastor's base compensation);
- Line 65 (Associate's(s) base compensation);
- Line 66 (Housing-related allowance and utilities paid to/for pastor and associates);
- Line 67 (Reimbursements paid to/for pastor and associates);
- Line 68 (Other cash allowances paid to/for pastor and associates);
- Line 69 (Diaconal/Deacons total compensation including benefits);
- Line 70 (Other staff compensation including benefits);
- Line 71 (Current operating expenses for program);
- Line 72 (Other current operating expenses).

As previous approved, for calendar years 2006, 2007 and 2008 a 10% cap on the amount of increase or decrease for any church shall be adopted. This will be accomplished by taking the calculated FSA amounts above or below the 10% cap and reallocating them among the churches that have not reached the cap. Thus, an **adjusted conference decimal** is created that will be used to calculate the local church FSA.

1. The Approved 2007 Conference Budget = **\$15,894,379**.
2. Total Local Church 2005 Operating Expenditures (Lines 56, 64-72) = **\$67,567,777**
3. Unadjusted decimal is calculated by dividing conference budget (\$15,894,379) by total church operating expenditures (\$67,567,777) = 0.23523608.
4. The 10% cap on increase/decrease on FSA is applied to churches creating an **Adjusted Conference Decimal = 0.24764724**.
5. The local church FSA is calculated by multiplying church operating expenditures (Lines 55, 63-71) times the Adjusted Conference Decimal.

Example 1: **\$133,706 (operating expenditures) x 0.24764724 = \$33,112 - Final FSA.**

Example 2: **\$457,315 (operating expenditures) x 0.24764724 = \$113,253 (greater than 10%).**
Thus, FSA increase is "capped" at 10% from previous year (\$92,295 times 1.10%)
= \$101,525 - Final FSA.

- **The operating decimal is calculated to eight decimal places and FSA is rounded to whole dollars. For example, \$450.49 is rounded to \$450 and \$450.51 is rounded to \$451.**

Clyde H. McDonald, CPA
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July 3, 2006