

## How is the 2006 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 2004 Statistical Tables (I and II) provide the numbers for the 2005 Annual Conference Journal and are used to calculate the 2006 Fair Share Apportionments.

As approved at the 2005 Annual Conference, churches will be apportioned a single Fair Share Apportionment (FSA) using a new formula that eliminates both membership and the FSA paid in the previous year. A single conference 'decimal' is calculated based on the approved 2006 conference budget divided by the total of all church operating expenditures used in the formula as submitted in the 2004 Local Church Report to the Annual Conference (Table II). The operating expenditures consist of the following Table II line items:

- Line 55 (District Administration Funds);
- Line 63 (Pastor's base compensation);
- Line 64 (Associate's(s) base compensation);
- Line 65 (Housing-related allowance and utilities paid to/for pastor and associates);
- Line 66 (Reimbursements paid to/for pastor and associates);
- Line 67 (Other cash allowances paid to/for pastor and associates);
- Line 68 (Diaconal/Deacons total compensation including benefits);
- Line 69 (Other staff compensation including benefits);
- Line 70 (current operating expenses for program); and
- Line 71 (other current operating expenses).

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 2006 Conference Budget = **\$15,315,870**.
2. Total Local Church 2004 Operating Expenditures (Lines 55, 63-71) = **\$63,493,661**.
3. Unadjusted decimal is calculated by dividing conference budget (\$15,315,870) by total church operating expenditures (\$63,493,661) = 0.24121888.
4. The 10% cap on increase/decrease on FSA is applied to churches creating an **Adjusted Conference Decimal = 0.24941130**.
5. The local church FSA is calculated by multiplying church operating expenditures (Lines 55, 63-71) times Adjusted Conference Decimal.

*Example 1:*        **\$110,904 (operating expenditures) x 0.24941130 = \$27,661 - Final FSA.**

*Example 2:*        **\$310,197 (operating expenditures) x 0.24941130 = \$77,367 (greater than 10%).**  
                             **Thus, FSA increase is "capped" at 10% from previous year (\$63,316 times 1.10%)**  
**=**                        **\$69,648 - 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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