

Budget Adoption Procedures

The purpose of an annual financial budget is authority and direction — it is a tool approved by the church congregation as a spending guideline for the ministries and operation of the church. The congregation is to seek God’s direction and, through voting, identify God’s will regarding such spending as is set out in the proposed budget. As such, the budget gives the necessary authority for the proposed spending. The budget thus sets general limits to the spending and identifies a spending plan for ministries. Additional spending as is required throughout the year shall be presented to the church for approval. There are two budgets: general fund and missions fund. The general fund budget shall be established for each January-December fiscal year. The missions fund budget shall be established for each year extending from the annual missions conference to the next annual missions conference.

Establishing the General Fund Budget

Leadership in establishing the annual general fund budget flows from the office of pastor. He is to lead the church to establish this budget. Here is the general procedure which will be followed:

1. Budget Team — Pastor is assisted by all ministry leaders (pastors and lay ministers) and deacons in formulating a proposed budget. This is the “Leadership Team” which meets regularly with pastor to plan and discuss church ministry.
2. Preparation — The deacon of financial administration (DFA) shall provide necessary budgetary information to each ministry leader and deacon to aid them in preparing the proposed budget for their area of ministry. This information shall include a report of the years spending for each leader’s area of responsibility and a request that they: 1) identify their ministry plan for the upcoming year, and 2) identify the finances necessary to accomplish their goals.
3. Leadership Meetings — After all ministry leaders and deacons submit to the DFA their completed material, the DFA shall prepare a budget package to present to a leaders budgetary meeting. This budget meeting(s) will involve all church ministry leaders and deacons. At this meeting each ministry leader will explain his/her ministry plan and budget. The end result will be a finalized church budget to present to the church congregation.
4. Compensation Packages — Determining the compensation packages for pastor(s) and staff will be handled differently. This part of the budget will not be discussed in the ministry leaders and deacons planning meetings. Our church constitution states: “The pastor shall have the freedom to select his pastoral staff, secretarial support, and other church staff as needed; to determine their hours, responsibilities and salaries (within the bounds of the budget).” Procedure is as follows:
 - Pastor’s Direction — The pastor will provide to the DFA any proposed changes in the staffing needs of the church. Such information will include job descriptions for any new positions needing to be filled, the potential education and experience qualifications for such positions, and a salary suggestion. Pastor may also include input regarding exceptional service to be rewarded that may not be obvious.
 - Establishing a *Compensation Advisory Team* — The DFA will put together a team of male church members to review compensation packages. Potential members of that team will first be identified/approved/suggested by the pastor and the existing leadership team (ministry leaders and deacons). Potential members cannot include any men who themselves or their family members are being compensated by the church. Men qualified for such a team will be men who exhibit a heart for God and their church and who have a sense for the financial marketplace of the area. Their heart for God and the church will be demonstrated by their personal financial support of the church (the DFA will be able to make this judgement).
 - Team Recommendations — This team will meet to review current and potential

Mid
September

Mid
October

Late
October

compensation packages and make recommendations of what is considered to be an equitable package for each position. Adding Recommendations to the Budget — The DFA shall review these recommendations with the pastor. Any final adjustments will be made. The recommended package for all compensation will be placed into the general fund budget under the titles “salaries” and “benefits” and will include the sum of all church staff.

- Year _____ *Compensation Advisory Team* — (names). It is advisable to have some members of the leadership team (ministry leaders and deacons) on this *Compensation Advisory Team* to maintain some continuity. It is also advisable to maintain some continuity from year to year on the *Compensation Advisory Team*.
 - Note re: Actual Salaries — As per constitution quote above, the actual salary of any given person will be finalized by the pastor and will be within the budgeted amount for that particular position/person as per the *Compensation Advisory Team*'s recommendations that were approved in the church budget. Accordingly, the *Compensation Advisory Team* shall not discuss the recommendations they make with anyone outside of that team except the pastor(s).
 - Note re: Bonuses — We have yet to address a mechanism, if any is advisable, for making money available for periodic bonuses for church staff. My current thinking is that any potential bonuses for support staff (administrative assistants) should be generated by the pastor(s) and any potential bonuses for the pastoral staff (pastor, assistant pastor & pastoral intern) should be generated by the church.
5. Congregational Decision — After the leadership meeting(s) the DFA will prepare the final budget and present it to the church at a congregational business meeting. At that meeting there will be general explanation of the budget. The church will then be given one or two weeks to study, understand the proposed budget and pray for God's leadership. During that time the ministry leaders and deacons will be available to answer questions before and after services. They will have a full budget package (except compensation details) to explain the budgeted costs. [Anyone wanting to know the compensation details will be referred to the DFA. To see such details they must be a member, giving what is believed by the DFA to be a tithe and offerings (general fund, missions, building), and have a valid reason why they want to know such personal information about those who serve the church.] The church will then vote to accept the proposed budget.

Mid
November

Establishing the Missions Fund Budget

Leadership in establishing the annual missions budget flows from the office of pastor. He is to lead the church to establish this budget. Here is the general procedure which will be followed:

1. Budget Team — Pastor is assisted by all ministry leaders (pastors and lay ministers) and deacons in formulating a proposed budget.
2. Budget Preparation — Pastor will discuss the annual missions conference, the proposed new missionaries, and related missions projects during regular leadership team meetings. During these meetings a budget will be formulated and printed in the annual conference booklet.
3. Congregational Decision — The church will vote to approve the budget at the close of the annual conference. Faith Promise Missions commitments will also be taken at the same time. These commitments will help the pastor and leadership team discern at what rate they can begin funding the new budget.

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