

2.100 COMMITTEES OF COUNCIL: FINANCE AND BUDGET

2.101 Fiscal Accountability Policies

- A. Income, expenditures and controls:
1. The Presbytery of Northern Waters shall have two budgets: An Operating Budget and a Program and Mission Budget. For publicity and other purposes, these budgets may be displayed as a single or “unified” budget.
 2. The Operating Budget shall consist of those areas specified by the Book of Order and/or declared by the Presbytery to be “essential ecclesiastical services”.
 3. The Program and Mission Budget shall consist of the following:
 - a. Mission projects funded by Presbytery;
 - b. Programs of and/or funded by Presbytery;
 - c. Meetings of mission/program committees/commissions not included in the operating budget;
 - d. Allocation of personnel resources;
 - e. Special offerings;
 - f. Mission projects or programs of more inclusive governing bodies falling within the geographic boundaries of this Presbytery, and mutually agreed to be financially administered through this Presbytery;
 - g. Other projects, programs or funds of a benevolent nature.
 4. The Operating Budget shall be funded from the following sources:
 - a. A per capita apportionment established annually by the Presbytery;
 - b. A grant or grants from the Synod of Lakes and Prairies decided at the Partnership Consultation;
 - c. Income from restricted reserve funds designated to the operating budget or items included therein;
 - d. Income from unrestricted reserve funds if/as determined by the Presbytery;
 - e. Honoraria received and turned in by Presbytery personnel when on Presbytery assignment;
 - f. Miscellaneous receipts related to the Operating Budget.
 5. The Program and Mission Budget shall be funded from the following sources:
 - a. Presbytery mission pledges/gifts from constituent congregations;
 - b. Grants from Synod of Lakes and Prairies as decided at the Partnership Consultation;
 - c. Special gifts from any source for special benevolent causes approved by Presbytery;
 - d. Income from restricted reserve funds designated to the Program/Mission budget or items included therein;

- e. Income from invested reserve mission funds held by the Presbytery;
 - f. Income from unrestricted reserve funds if/as determined by the Presbytery;
 - g. Income from restricted and trust funds received by the Presbytery;
 - h. Funds for support of mission projects or programs of more inclusive governing bodies, falling within the geographic boundaries of this Presbytery, and mutually agreed to be financially administered through this Presbytery.
6. Balances available at the end of the year in the Operating Budget and Program/Mission Budget shall be carried forward in their respective reserves except:
 - a. Where an agreement requires the return of salvage, from any grant/gift at the end of the year; and/or
 - b. Presbytery authorizes carry-over of specific line-items; and/or
 - c. Presbytery authorizes inclusion of part or all of such funds as an income item in the ensuing budget.
 7. All restricted Presbytery funds and trust funds accepted by and administered by the Presbytery shall be administered strictly in accordance with the stipulations of the restrictions and the provisions of the trusts.
 8. All funds designated by more inclusive governing bodies for programs or projects within The Presbytery of Northern Waters shall be transmitted to the Presbytery and in turn be disbursed to the designated agency, mission program, or project.
 9. Income included in the Presbytery budgets shall be expended in accordance with those budgets as adopted by the Presbytery, but the Presbytery Council shall have authority to adjust the budgets as necessary between Stated Meetings of Presbytery, upon recommendation by the Presbytery's Finance and Budget Committee, which shall have consulted with the committees and/or persons involved in any proposed adjustment, and subject to the review/notification of the Presbytery at its next Stated Meeting.
 10. Income from any of the sections of the budgets shall be expended in accordance with any designations which have been made and in accordance with procedures defined in the recommendations which may be attached to it and have been adopted by the Presbytery.
 11. The Presbytery treasurer may establish "control accounts" for handling pass-through, non-budgeted moneys under the following conditions:
 - a. The Treasurer may establish such an account in consultation with the Chair of Finance and Budget or the Executive Presbyter;
 - b. The monies involved are not budgeted by the Presbytery;
 - c. The specific designation is established by the time the monies are received by the Presbytery Treasurer;

- d. The monies are to be distributed to a designated agency program project(s);
 - e. The Treasurer is automatically authorized to expend the monies.
12. The Presbytery Treasurer may establish “dedicated funds” for handling non-pass-through, non-budgeted moneys with restrictions, dedications or stipulations as to its use, under the following conditions:
- a. The Finance and Budget Committee recommends and Presbytery approves establishment of the particular Dedicated Fund
 - b. The moneys involved are not included in the current year’s Presbytery Budget;
 - c. The moneys are dedicated to a specific purpose;
 - d. The moneys are to be expended by authorized voucher(s), up to the total amount in the Dedicated Fund;
 - e. Cut-off date for the existence of the Dedicated Fund, if appropriate, is established at the time the dedicated fund is created, and stated in the budget display.
13. All funds for all Presbytery operations and programs shall be received and expended by the Presbytery Treasurer. No committee or person(s) shall hold or establish bank accounts for such funds, with the single exception noted in item C.3 (below).
14. Where Presbytery participates in financial support of any agency, that agency shall provide the Presbytery with an annual financial review.
15. The Presbytery Treasurer shall be bonded at the expense of Presbytery in amounts to be determined by Presbytery Council upon recommendation from the Finance and Budget Committee.
16. The Presbytery of Northern Waters shall adopt the accrual system of accounting as an item of formal policy in order to comply with the recommendation of the American Institute of Certified Public Accountants.
17. Specific designations of mission gifts are permitted.
18. Vouchers for Council/Committee/Commission expenses shall be sent directly to The Presbytery of Northern Waters Treasurer for payment, providing:
- a. The expense is within the Presbytery-authorized line item budget;
 - b. The voucher is signed by the payee and co-signed by the chair of the Council/Committee/Commission of jurisdiction.
19. The accumulation of funds by mission-receiving churches for the purpose of increasing a financial base, by employing the return from these reserves to decrease mission dependence, is approved in principle provided the following guidelines are followed in order to qualify:
- a. Any church that wishes to undertake the effort to reduce

dependence upon Presbytery mission support by use of funds for investment reserves must accumulate and use those reserves in the manner approved by the Presbytery;

- b. It must present a proposal to the Finance and Budget Committee for evaluation and necessary coordination. If the proposal has merit, it shall be presented to the Presbytery Council for approval. If the program meets Presbytery Council approval, the Churches and Their Work Sub-Committee, Finance and Budget Committee, and Program Strategy Committee would assist the church in implementing it.
- c. Such a program should demonstrate a strong probability of increasing the church's financial capability as well as reducing on a permanent basis the church's dependence on Presbytery Mission funds.
- d. The funds that are to be invested should come from increased parish giving over and above previously established norms;
- e. The investments would be controlled by the session.
- f. Timelines will be drawn for:
 - i. Creation of the investment fund;
 - ii. When it will start producing usable income for the church;
 - iii. When Presbytery funds for the project in question can be reduced.

B. Budget Development

1. The Presbytery Finance and Budget Committee shall develop and present to Presbytery for review and adoption proposed Presbytery budgets. These proposed budgets shall be sent to Presbytery members and commissioners at least 10 days prior to the meeting at which they are to be reviewed and adopted.
2. The Presbytery Finance and Budget Committee shall develop and present to Presbytery for approval proposed policy statements, processes and/or forms related to:
 - a. Submission of applications/requests;
 - b. Review of applications/requests;
 - c. Priority rating of applications/requests consistent with presbytery priorities;
 - d. Budget development and approval; and
 - e. Budget adjustment.
3. Each unit or committee desiring to participate in any of the budget or budget sections, shall be responsible for submitting an application request to the Presbytery Finance and Budget Committee.

C. Budget Administrations/Oversight

1. Check Writing/Signing

- a. All Presbytery checks shall be signed by the Presbytery Treasurer or such other person(s) as may be authorized by Presbytery to sign checks due to the absence or disability of the Treasurer.
 - b. Presbytery Council, upon recommendation by the Finance and Budget Committee shall determine who shall be authorized to sign checks when the Treasurer is unable to sign.
2. Budget Changes and Adjustments: no committee/commission, administrative unit, Presbytery-controlled mission unit or Presbytery personnel shall expend more money than is provided for it in a Presbytery-approved budget, unless the following procedure is followed:
- a. Requests for changes/adjustments in Presbytery-approved budget must be accompanied by a statement of need, projected use, and proposed source(s) of income for the additional expenditures.
 - b. The Presbytery Finance and Budget Committee shall receive requests for budget adjustments in accord with Presbytery approved policy, and shall make recommendations to Presbytery or Presbytery Council for action.
3. The Presbytery Office shall have a petty cash fund of \$100.00 from which it may pay minor expenses.
- a. Reimbursement for expenses paid out of the petty cash fund will be made monthly or as needed.
 - b. Expenses paid from the petty cash fund shall be reported by budget line item numbers when reimbursement is requested.
4. Invoices for office services and purchases shall be received and approved in the Presbytery Office and forwarded to the Treasurer for payment.
5. Invoices for Presbytery Council, committee, or commission member expenses shall be received by the chair, recorded, approved for payment and forwarded to the Treasurer for payment.

D. General Business Practices

1. Expenditures
 - a. No committee/commission chair shall authorize expenditures in excess of the unexpended budget allocation for the particular line item unless first approved by the Finance and Budget Committee.
 - b. All requests for payment must:
 1. Be made on an authorized voucher;
 2. Have been authorized within a Presbytery approved adjusted budget;
 3. State the amount requested, use, and the line item number and title of the budget source;
 4. Be signed or counter-signed as follows:

- i. Council, committee/commission expenses: by the chair of the particular council, committee, commission;
- ii. Stated Clerk and clerk-related office expense: by the Executive Presbyter.
- iii. Executive Presbyter and Executive Presbyter related office expense: by the Chair of the Personnel Committee. Presbytery, Synod or General Assembly supported causes/programs expense: By the Chair of the Finance and Budget Committee or the Executive Presbyter;
- iv. Presbytery Meeting expenses: by the Chair of the Finance and Budget Committee or the Executive Presbyter.
- v. All other expenses: by the Chair of the Finance and Budget Committee or the Executive Presbyter.

2. Accounting System

- a. The fiscal year will be January 1 through December 31;
- b. In order to more nearly report all expenses in the year in which the expense was incurred, invoices for the expenditures incurred during a particular fiscal year, but received after the end of that year will be accrued up to a date in January set by Finance and Budget Committee and reported in the timeline for that year.

3. Financial Statements/Review and Audits

- a. The Treasurer shall prepare and submit to Presbytery, through the Finance and Budget Committee, quarterly and annual statements of expenses cumulative for the year to date as compared to the annual budget and a current report on the Presbytery Treasury Service.
- b. The Finance and Budget Committee shall be responsible for arranging for an annual Review of the Treasurer's books and accounting records.
- c. The Review report shall be reported to the Presbytery each year at the first stated meeting following its completion.
- d. Every year the Review shall be done by a Certified Public Accountant, and provision for such shall be made in the operating budget, except as required in E.3 below.
- e. At the change of a treasurer, there shall be a formal audit conducted by a Certified Public Accountant (CPA) selected by the Finance and Budget Committee. Funds to cover this audit shall come from the operating budget.

4. Monies collected as offerings at Presbytery meetings shall be counted by two (2) persons, usually the Presbytery Treasurer and a Presbyter of her/his choosing.

E. Investment Policies

1. General funds and balances above current maximum needs shall be invested in Federal securities such as Treasury Bills, or Treasury Notes, or in the Presbyterian Church (U.S.A.) Foundation, or in insured savings

accounts or certificates of deposit to earn interest at the most advantageous rate.

2. The amounts, interest rates, term and location of these investments shall be approved by the Finance and Budget Committee.
3. All investments shall be subject to deposit, management and/or withdrawal by the Presbytery Treasurer or the person(s) authorized to act in the absence or disability of the Treasurer as provided in Item C.1 above.

F. Consultations on Funding

1. The Presbytery shall participate in consultations with the Synod of Lakes and Prairies and its other committed partner presbyteries, and with the General Assembly with regard to the funding of budgets supported by funds from more inclusive governing bodies.
2. The Presbytery, through one or more of its committees, may participate in consultation with appropriate groups involved in the funding of Presbytery or other projects.

G. Flow of Funds From Other Governing Bodies: All funds granted by any other governing body or agency thereof for any budget of the Presbytery, and all funds granted by such groups for any Presbyterian or Presbyterian-related program within the Presbytery shall be transmitted to and received by the Presbytery Treasurer on a regular schedule, to be disbursed as budgeted or designated under the direction of the Finance and Budget Committee.

H. Official meaning of the word “audit” is as defined by the Book of Order.

I. New Church Development/Redevelopment Fund

1. Settlement receipts received from all dissolved churches shall be placed in a dedicated fund entitled “New Church Development/Redevelopment Fund”; from which the following expenses shall be paid:
 - a. Legal fees and expenses;
 - b. Unpaid per capita apportionments;
 - c. Commission expenses;
 - d. Any outstanding obligations of the dissolved church.
2. This fund shall be administered by the Finance and Budget Committee;
3. Finance and Budget Committee shall report all receipts and expenditures related to this fund to the Presbytery.

J. The Moderator or Vice Moderator of the General Assembly present at Presbytery shall have all host expenses including housing, meals, and local transportation paid from the line item for Presbytery meetings.

K. Per Capita

1. Presbyterians are interdependent and share the administrative costs of the other governing bodies (Presbytery, Synod, General Assembly), and so recognize:
 - a. The per capita apportionment is a means of apportioning among the particular churches the administrative costs of operating those governing bodies;
 - b. The per capita apportionment is an obligation of Presbytery, with the Synod and General Assembly portions payable by Presbytery;
 - c. That inflation is causing budget difficulties for all churches and their members;
 - d. That unique situations may arise that make the meeting of financial obligations (including per capita apportionment) difficult;
 - e. That if particular churches are unable to meet their share of the per capita apportionment, it places an additional burden on the other churches;
 - f. That affirming our interdependence, when such situations arise, each church needs to consider carefully its responsibilities to other churches in the Presbytery as well as to the more inclusive governing bodies; and those churches and the Presbytery need to consider carefully the needs which have arisen.
2. Presbytery recognizes all these difficulties, and keeps its own administrative/operating costs at a minimum.
3. Each church faced with difficulties in meeting financial obligations (including per capita apportionment) shall notify the Committee on Ministry as far in advance as possible that it anticipates difficulties in meeting financial obligations;
 - a. The church works with Committee on Ministry to explore options concerning the church's total mission strategy, financial needs and available resources.
 - b. If it becomes obvious that a church cannot meet its financial obligations (including per capita apportionment), application may be made to Presbytery for mission funds.