

UNITED METHODIST CHURCH OF LUDINGTON – CONTINGENCY FUND BY-LAWS

Adopted 12-19-89

By Administrative Council

- 1) **GOAL STATEMENT** – To establish and maintain a contingency fund to be used for the following purposes:
 - a) To provide a cash balance to be used for unusual, infrequent and unexpected expenditures.
 - b) To provide a capital base to be used a collateral for financing arrangements or to assist in obtaining financing.
 - c) To provide investment income for the general fund once the fund is fully funded.
- 2) **ESTABLISHMENT:**
 - a) A contribution equaling 5% of weekly undesignated offerings will be set aside by the treasurer until a fund balance equaling 15% of the prior year's actual undesignated expenditures has been attained.
 - b) The weekly contribution will be the highest priority to the extent the following expenditures can be made: Church Utilities, Insurance, Pastor/Parish Salaries and Related Fringe Benefits.
 - c) The accumulated contingency fund cash balance is to be invested in an insured interest or dividend-bearing account approved by Administrative Council.
 - d) The fund investment must be liquid, meaning an account maturity date of 90 days or less.
 - e) Accumulated investment earnings will be left in the fund until the desired cash balance is attained.
- 3) **MAINTENANCE**
 - a) After the desired contingency fund cash balance has been attained, the weekly 5% contribution will cease.
 - b) All investment earnings which exceed the 15% fund balance will be transferred, at least quarterly, to the general fund to be used for current year, budgeted, undesignated expenditures.
 - c) After a distribution has been made, weekly 5% contributions will be resumed in accordance with the guidelines in Section 2).
 - d) The total estimated annual contribution to the contingency fund must be a budgeted line item in the annual church budget.
- 4) **Distributions:**
 - a) Distributions from the fund may only be made subject to the terms of any existing financing agreement in effect at the time of distribution.
 - b) Distributions from the contingency fund can be made only by a two-thirds (2/3) majority vote of the elected Ad. Council at the time the distribution is to be made.
- 5) **Reporting:**
 - a) A monthly accounting of the current contingency fund cash balance and investment income distributions must be included in the treasurer's report to the Ad. Council.
 - b) The By-laws are not in any way intended to supplant the United Methodist Discipline. The By-laws are subject to the Discipline's provisions.