

2026 Great Lakes Annual Conference Legislation



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Title: Finance and Administration Committee Report

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Rationale (if provided)

- 1 See Finance and Administration Committee Report beginning on next page.

FINANCE AND ADMINISTRATION COMMITTEE

Overview of Actions and Focus Areas

2025–26 Conference Year (July 2025 – March 2026)

INTRODUCTION

The Finance and Administration (F&A) Committee serves the Great Lakes Annual Conference of the Global Methodist Church by providing financial oversight, developing sound fiscal policy, and ensuring that every dollar entrusted to the conference advances the mission of making disciples of Jesus Christ and spreading scriptural holiness across the globe. This report summarizes the committee's principal actions and focus areas from July 2025 through March 2026.

FINANCIAL STEWARDSHIP AND OVERSIGHT

Throughout the conference year, the committee reviewed monthly financial reports, affirmed strong revenue performance, and maintained vigilant oversight of expenditures. Key financial highlights include the following:

- Operating reserves grew steadily, with total undesignated operating reserves reaching approximately \$841,000 by March 2026.
- The committee approved transferring \$600,000 from a low-yield Bank of America savings account to the Methodist Foundation of Mississippi's short-term fund, which offers a 5.35% return with two-day liquidity. An additional \$200,000 was subsequently moved into the Foundation's Gerber Taylor long-term fund (historical returns of 7–11%) to further strengthen investment performance.
- The conference transitioned its primary banking relationship from Bank of America to Chase to improve staff access and customer service, with migration completed in early 2026.

2026–27 BUDGET DEVELOPMENT

The committee held an all-day retreat in March 2026 to finalize the upcoming annual budget. Income projections for the next conference year anticipate approximately \$1.4 million in connectional funding, reflecting continued growth. Budget discussions balanced new ministry investments with disciplined spending:

- New administrative assistant and information technology positions are proposed to relieve staff workload and enable the current data specialist to focus exclusively on database and reporting functions.
- Presiding elder stipends are proposed to receive a modest 5% increase, and district reimbursement allocations are proposed to increase to \$90,000 to support expanded pastoral presence across the conference's four-state footprint.

- An external audit line item of \$15,000 was proposed for addition to the operational budget, with the first audit planned for fall 2026 to cover the fiscal year ending June 30, 2026.

The preliminary budget was balanced and presented to the Connectional Council. It now seeks final approval by the Annual Conference body.

CONNECTIONAL FUNDING POLICY

One of the committee's most significant undertakings this year was addressing the conference's connectional funding policy. The existing policy requires a rate reduction when undesignated reserves exceed 50% of the prior year's budget—a threshold the conference is projected to reach before the Annual Conference session. After extensive prayer and many conversations across several months and the March retreat, the committee developed a creative, multi-pronged recommendation:

- *Rate Reduction:* The connectional funding rate will decrease from 3% to 2.5%, effective January 1, 2027, honoring the existing reserve trigger policy and conference leadership's commitment to transparency.
- *Automated Sliding Scale:* A proposed formula-based system will automatically adjust the rate based on reserve levels—lowering to 2.5% when a reserves averages exceeds 75% of the budget, rising to 2.75% at 50–74%, 3% at 35–49%, 3.25% at 20–34%, and 3.5% below 20%. The rate is calculated by July 31 and takes effect on January 1 of the following year.
- *Voluntary Redirection:* Local church leaders who wish to maintain their current 3% giving level may direct the difference to the Equipping Fund or the Ministerial Scholarship Fund, both of which benefit from Lilly Endowment matching.
- *Reserve Deployment:* A reserve drawdown line item was added to the budget to intentionally deploy accumulated reserves for kingdom-building work.

These finance policy amendments were presented to the Connectional Council and are now ultimately recommended to the Annual Conference body for a vote.

ACTIVE CLERGY MOVING EXPENSE POLICY

Developing a fair and sustainable clergy moving expense policy was a year-long priority. The committee gathered input from the Cabinet and peer conferences before crafting a three-layer “sandwich model”:

- *Layer 1 – Receiving Church:* Responsible for the first \$5,000 of moving costs. Local churches are encouraged to establish their own designated moving fund.
- *Layer 2 – Incoming Pastor:* Up to \$2,000, which incentivizes cost management through self-packing and obtaining competitive quotes.
- *Layer 3 – Conference:* Up to \$3,000 as a last resort, requiring Cabinet approval, along with a minimum of two moving quotes.

- Moves exceeding \$10,000 are handled on a case-by-case basis, though these are expected to be rare.
- A hardship provision is included for local churches and pastors experiencing extenuating circumstances.

The committee also clarified tax implications: church-paid moving expenses are W-2 taxable income, and conference-paid expenses are 1099 taxable income. Additionally, the committee recommended establishing a designated conference clergy moving fund of up to \$50,000 from undesignated reserves, with the proposed \$20,000 annual budget line replenishing it each year. The policy is being submitted to the Annual Conference as legislation.

POLICIES, PROCEDURES, AND INTERNAL CONTROLS

The committee made substantial progress in formalizing the conference's financial and operational policies:

- A comprehensive Financial Procedures Manual (19 pages) was reviewed with input from the audit committee and approved, establishing detailed step-by-step internal controls for all financial operations.
- A standardized reimbursement policy was adopted, creating clear guidelines for eligible expenses, authorized requesters, receipt requirements, and a 60-day submission timeline. Each presiding elder now receives an individual \$3,500 allocation for the benefit of their district.
- A new web-based reimbursement system replaced the former Excel-based process, featuring automatic mileage calculations, receipt uploads, workflow approvals, and direct bank deposit integration. Incorrect submissions dropped significantly after implementation.
- The conference transitioned staff from debit cards to credit cards per the audit committee's recommendations, enhancing fraud protection. A new organizational credit card system was implemented, requiring receipt uploads and documentation of business purpose for every transaction.
- A revised Employee Handbook was approved after legal counsel review, including updated state-specific compliance requirements for our four states, and modernized workplace policies.
- A proposed conflict-of-interest provision in the finance policy was recommended to restrict employees' spouses or family members from serving on the F&A Committee or Connectional Council.

STAFFING AND ORGANIZATIONAL DEVELOPMENT

The committee addressed several staffing and personnel matters throughout the year:

- A reorganized staffing structure was approved and forwarded to the Connectional Council, including elevating the Director of Equipping role, creating a remote Operations Coordinator/Bookkeeper position, and adding an Office Manager.

- The Office Manager position was converted from in-person-only to remote-eligible after research showed that the vast majority of Global Methodist Church conferences operate without a physical office. This change significantly expanded the candidate pool.
- Staff reviews were completed, with cost-of-living adjustments and performance-based raises approved for director-level positions. Staff reviews for newer staff will take place after a 90-day check-in and one-year evaluations.

LILLY ENDOWMENT GRANT AND ENDOWMENT FUND DEVELOPMENT

The conference received \$849,900 in Lilly Endowment grants (with an additional \$400,000 in matching funds) to support the strategic plan. The committee provided financial oversight for the grant's implementation phase, including vendor contract management for marketing, development, project management, and web development services. All contracts are structured as 1099 arrangements on a month-to-month or one-year basis to preserve flexibility.

The committee began developing an endowment fund policy to hold funds raised through the Lilly Endowment grant. Two endowments are being established through the Methodist Foundation of Mississippi: the Ministerial Scholarship Fund and a new Equipping Fund. Both will operate as traditional endowments, distributing only 4–5% of growth annually while preserving principal in perpetuity. The Foundation's established tax-exempt status provides donors with guaranteed tax deductibility, which is critical for high-capacity fundraising efforts.

ADDITIONAL ACTIONS AND INITIATIVES

- *Clergy Liability Insurance:* The committee worked with an insurance provider to establish a cost-effective liability insurance option for inactive and senior-status clergy at approximately \$700 per person annually, down from initial quotes of \$4,500 per person.
- *Senior Status Moving Policy:* A policy providing up to \$3,000 in reimbursement for clergy transitioning to senior status was made retroactive to January 1, 2025.
- *Mission Transfer Fees:* The committee is working with the Missions Team to address the fees charged by a third-party missions organization. The conference is looking to transition to direct wire transfers when available to reduce costs.
- *Audit Committee:* An internal audit committee was established and completed its work in early 2025. Planning is underway for the first external audit, targeted for fall 2026.
- *Data Policy:* The committee identified the need for an updated data retention and remote-work security policy, and consultation is underway with legal counsel on record storage best practices.

LOOKING AHEAD

As the conference enters its fourth year, the Finance and Administration Committee remains focused on responsible stewardship, transparent communication, and building financial infrastructure that will serve the conference for decades to come. Priority items for the months ahead include finalizing the endowment fund policy, completing the first external audit, implementing the connectional funding sliding scale, and continuing to strengthen internal controls.

We are grateful for the faithful generosity of our local churches and the dedicated service of volunteers across the conference. Together, we are building a strong financial foundation so that every resource can be directed toward what matters most—equipping local churches and advancing the mission of Jesus Christ.

Grace & Peace,

The Finance and Administration Committee

[Great Lakes Annual Conference of the Global Methodist Church](#)