

Spero Academy Finance Committee Minutes - October 2020

Meeting Date:

10/20/2020 5:15pm (Online-Zoom Meeting)

Attendees:

Diane Pangal
Karen Marshall
Jim Lawrence
Kelly Tiedemann
Jenny Abbs

Absent:

Discussion/Action Items:

- 1. Spero Academy September 2020 Financial Report** - The Finance Committee reviewed the September 2020 Spero financial reports. Spero's total Fund Balance as of August 31, 2020 was \$2,088,420. Total cash balances were \$1,853,750. Accounts receivable of \$5,813 includes an IRS refund for the amended return filed in May. The "Due from Building Company" receivables includes a Friends of Spero 990 filing fee of \$25 and \$50,000 for the refund of the Shoreview land down payment. Current State-Aids Receivable of \$228,397 is an estimate of FY21 revenue from MDE YTD based on the 10% holdback. YTD combined Net Income was \$562,947. This reflects total Revenues at 99% and Expenditures at 77% of YTD Budget. Expenditures for "Non-instructional supplies, software and food" and "Instructional software, supplies, textbooks" are over YTD budget and "Technology equipment" has exceeded the current approved annual budget by (\$51,543) in Gen. Ed. and SPED. The school received funding related to Covid-19 relief. Both CRF and CARES Act funding are available toward expenditures required to educate students during the pandemic, either through distance learning or hybrid model. Identified qualifying expenditures exceeded revenues by (\$9,130) YTD. Current ADM (student count) is 135, compared to 148 budgeted. Percentage IEP Membership hours was 90.8% through 9/30/2020. The auditors' fieldwork for the FY2019-20 fiscal year is scheduled for the first week of November.
- 2. FY2019 State-aids receivable Correction (\$107,586) related to MA billing surplus** - Jenny Abbs updated the committee on the \$107,586 which was still listed as Prior Year state aids receivable from MDE as of 6/30/20. Jenny has learned from MDE that State funding was limited for FY2019 based on the amount of Spero's MA Billing Surplus for that year. Spero has the option each year to determine whether any MA billing surplus will be applied toward current fiscal year SPED expenditures or treated as a Restricted portion of the year-end Fund Balance (to be used for future SPED expenditures only). For FY2019, the MA billing surplus was not added to the Reserved Fund Balance as had

been done previously. Instead, for FY2019, the surplus was to be applied toward SPED expenditures, In doing so, this limited the total MDE funding available. However, in calculating the MDE receivable for that fiscal year, this limitation was not fully taken into account. The correction will reduce State Aids revenue, total assets and Unassigned Fund Balance on the 6/30/2020 financial statements. An adjustment will be made to the final FY2020 financials to reflect that this balance will not be paid by MDE, reducing revenues and FYE Fund Balance. This receivable amount is no longer reflected on the current Spero Academy Balance Sheet as of 9/30/20. Additional discussion on this matter included a concern that the ratio of Undesignated Net Assets to annual budget is identified in Spero's policies as needing to be at or above 10%. This adjustment will reduce this ratio to 11.3%.

3. **FY2020 MA Billing Surplus** - The Committee discussed whether to treat the FY2020 MA Billing Surplus as a Restricted Fund Balance or to apply the surplus against SPED expenses, reducing revenues from MDE. The Committee recommends that for FY2020, the surplus should be retained as Restricted Fund Balance. A decision can be made later on how FY2021 MA Billing net surplus or deficit is to be handled.
4. **Proposed Revised Compensation Plan for Administration** - Diane presented a revised Compensation Plan for Committee consideration. The existing Administration Compensation plan, dated July 1, 2019, lists lanes (columns) as Generalist, Manager, Coordinator, Director, and Executive Director. Proposed changes include replacing the "Generalist" lane with a "Specialist" lane at a higher rate, and adding a "Principal" lane between the Director and Executive Director lanes. The Finance Committee recommends that the Board approve the revised Compensation Plan for Administration. Proposed changes include adding a "Specialist" lane (between Generalist and Manager classifications), and a "Principal" lane (between Director and Executive Director). The existing "Generalist" lane will be used for non-exempt hourly positions, with the hourly rate to be based on the applicable annualized plan rate divided by 2,080 (52x40).
5. **Current Fiscal Year Budget revisions** - The committee discussed revision of the current fiscal year budget with Jenny Abbs to address changes in staffing, student count, MA Billing projections, and other income/expenditures. Diane will meet with Jenny prior to next month's Finance Committee meeting on the necessary budget revisions. The Revised Budget for the current fiscal year needs to be submitted to MDE in January.