

Spero Academy Finance Committee Minutes - December 2021

Meeting Date:

Thursday 12/16/2021 1:00pm (Online-Zoom Meeting)

Attendees:

Diane Pangal

Karen Marshall

Kelly Tiedemann

Edi Becerra

Jenny Abbs - (Outsourced CFO - Bergan KDV)

Absent:

Jim Lawrence

Discussion/Action Items:

- 1. Spero Academy November 2021 Financial Report** - The Finance committee reviewed the financial statements and supplemental for the current fiscal year through **November 2021** (42% of FY). Spero's **cash balance** on November 30 was **\$2,570,581**, down from the prior month, mainly due to the decrease in prior year payments from MDE. The **accounts receivable** amount is listed as a **negative (\$522)** [Jenny, will follow-up as she believes this may be a possible miscoding.] . The **“Due from building company”** balance remains at **\$4,938**. **Current year state-aids receivable** of **\$486,477** is an **estimate** of FY21 revenue owed to us by MDE year-to-date based on the 10% holdback. **Prior year state aids receivable** is listed as a **negative (\$1,040,532)** which is a slight change from last month's figure** and represents an apparent **overpayment** by MDE during the current year based on fiscal 2020-21 year-end calculations. [**This is anticipated to be adjusted against current fiscal year payments as MDE finalizes their review of annual entitlements. Based on the anticipated prior year correction by MDE, the Cash Balance at the end of the current fiscal year is anticipated to be \$807,689.] The current **Federal-aids receivable** balance of **\$90,151** represents funds so far in FY22 which are owed to us based on grant-eligible expenditures. The **prepaid expenditure** balance remains at **\$1,465**. **Salaries and wages payable** balance remains at a **negative (\$18,174)** [Jenny's staff will research]. **Payroll deductions payable** is **\$41,026**. The general **accounts payable** balance is currently **\$0**. The year-to-date **net income is \$543,511** which is a result of revenues exceeding expenditures. The current fiscal 2021-22 **budget** anticipates a **year-end surplus of \$185,475**. Spero's **total revenues** are at **98%** of the **year-to-date budgeted** revenues, and **total expenditures** are reported at **87%** of the **year- to-date budget**. Insurance is over budget due to the new Cyber Liability policy. Equipment/furniture is over budget due to auction items purchased for the Brooklyn Park site. The **Total Fund Balance** of **\$2,089,706** represents the beginning of year fund balance and year-to-date net income combined. Year-to-date **food service fund** expenditures exceed revenues by **(\$16,596)**, but are still favorable compared to YTD budget projections. Year-to-date **MA**

billing expenditures were **\$6,591**. [No MA billing revenue has been received yet this year.] Federal Funds grant revenues and expenditures are both behind YTD Budgeted levels.

- 2. Discussion on YTD Budget and Income as presented in monthly Financial Statements** - The committee discussed with Jenny potential improvements to the monthly Financial reports, specifically as they relate to the reported MDE receivables and related income. Currently, the income from MDE and the related receivable is presented in the monthly financial reports based on budgeted figures. The Committee's concern is that with the current presentation, both the Fund Balance on the Balance Sheet and Net Income on the Income Statement may differ significantly from year-end actuals if student counts and/or ratios are not close to the budgeted numbers. The Committee recommended that the Receivable from MDE and related income be reported based on the anticipated income based on actual student counts, ratios, and expenditures with comparison to the budgeted figures. Jenny agreed to revising the way this income and Receivable are estimated and reported in the monthly Financial Reports.
- 3. Monthly update on second Spero site construction process** - Diane provided an update to the committee. Construction will be at a stand-still for December and January due to snow.
- 4. Revised Budget FY2021-22** - Diane Pangal presented the information regarding updated proposed revisions to the current fiscal year Budget. The Budget revision must be forwarded to MDE by 1/15/2022.
- 5. Status of FY2020-21 annual Audit** - Jenny reported that drafts of the Independent Audit should be available soon for Finance Committee review. Jenny indicated that she is not aware of any audit findings, but has not yet received the draft report.
- 6. Review of "403 Investment Policy"** - The committee will continue its review of this existing policy to determine what any revisions may be required. In providing this to the committee, Last month, the Committee discussed the need to add wording which would require Board Approval for new investments proposed by the School Director. **Suggested addition to Section V.(A). of this policy is: "The school board must approve all investments and banking relationships."** This additional wording was added for a First Read by the Full Board last month. The Committee discussed the potential need to include wording related to "significant changes in investments". A definition of "significant" would need to be developed.
- 7. Other Items** - Next Scheduled Meeting - Tuesday, January 18, 2021.