

Spero Academy Finance Committee Minutes - November 2021

Meeting Date:

Tuesday 11/16/2021 5:15pm (Online-Zoom Meeting)

Attendees:

Diane Pangal
Karen Marshall
Jim Lawrence
Kelly Tiedemann

Absent:

Edi Becerra

Discussion/Action Items:

1. **Spero Academy October 2021 Financial Report** - The Finance committee reviewed the financial statements and supplemental for the current fiscal year through **October 2021** (33% of FY). Spero's **cash balance** on October 31st was **\$2,620,240**, up from the prior month. The **accounts receivable** amount is **\$2,638**. The "**Due from building company**" balance is **\$4,938**. **Current year state-aids receivable** of **\$389,150** 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 (\$1,040,618)**** and represents an apparent **overpayment** by MDE during the current year based on fiscal 2020-21 year-end calculations. [****Note from Jenny: MDE thinks that we are owed a total of \$7.94m in State SPED funding for FY21, but according to our audit we are only owed a total of \$6.89m. They will adjust once they receive our audited numbers, but I wanted to point it out since there will likely be questions.**] This is anticipated to be adjusted against current fiscal year payments as MDE finalizes their review of annual entitlements. The current **Federal-aids receivable** balance of **\$111,108** represents funds so far in FY21 which are owed to us based on grant-eligible expenditures. The **prepaid expenditure** balance is **\$1,465**. **Salaries and wages payable** balance is currently at a **negative (\$18,174)**. **Payroll deductions payable** is **\$35,172**. The **accounts payable** balance is currently **\$37,600**. The year-to-date **net income** is **\$482,494** which is a result of revenues exceeding expenditures. The 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 at **85%** of the **year- to-date budget**. [Instructional software and curriculum are trending higher than other expenses due to their need at the start of the school year.] The **Total Fund Balance** of **\$2,034,324** represents the beginning of year fund balance and year-to-date net income combined. Year-to-date **food service fund** expenditures exceed revenues by **(\$13,245)**, but are still favorable compared to budgeted projections. Year-to-date **MA billing** expenditures were **\$5,367**. [No MA billing revenue has been received yet this year.] Federal Funds and grant expenditures were higher than YTD Budgeted levels.

[This section of the Budget will need to be re-worked among expense line items. Some expenditures may require reposting.]

2. **Monthly update on second Spero site construction process** - Diane provided an update to the committee. Footings, cement pours have been done. Still on track. Supply chain issues could be a concern for timing in the future, but weather has been cooperating.
3. **Review of “403 Investment Policy”** - The committee continued its review of this existing policy to determine what any revisions may be required. In providing this to the committee, *[Devin Taylor noted: “There has been one amendment to Statute 118A, but it does not appear to affect this policy. I have added Minn. Stat. 471.392 (Claims) to the legal references, since it is referenced under Electronic Funds Transfer.”]* Last month, the Committee discussed the need to add wording which would require Board Approval for new investments proposed by the School Director. The committee will revise this policy with proposed added verbiage to that effect. **Suggested addition to Section V.(A). of this policy is: “*The school board must approve all investments and banking relationships.***” The Committee Recommends that this additional wording be added for a First Read by the Full Board.
4. **Revised Budget FY2021-22** - Diane Pangal presented proposed spending changes to the current fiscal year Budget. These proposed changes will be forwarded to Jenny Abbs for inclusion in the Revised Budget which the Finance Committee will review at its December meeting. The Budget revision must be forwarded to MDE by 12/31/2021.
5. **Fund Balance Transfer FY2020-21** - The committee discussed a one-time fund balance transfer from the general fund to the food service fund in the amount of \$17,437.46. This represents the FY21 loss in the food service fund. The Committee recommends approval of this Fund Balance Transfer to the Full Board for formal approval.
6. **Other Items** - Next Scheduled Meeting - Tuesday, December 21, 2021.