

Spero Academy Finance Committee Minutes - October 2021

Meeting Date:

Tuesday 10/19/2021 5:15pm (Online-Zoom Meeting)

Attendees:

Diane Pangal
Karen Marshall
Kelly Tiedemann
Edi Becerra

Absent:

Jim Lawrence

Discussion/Action Items:

- 1. Spero Academy September 2021 Financial Report** - The Finance committee reviewed the financial statements and supplemental for the current fiscal year through September 2021. As of month-end the fiscal year was 25% complete. Spero's **cash balance** on September 30th was **\$2,497,082**, down from the previous month. The **accounts receivable** amount is **\$4,865**. This still includes costs incurred from the Spero Foundation, but should be cleared up by the end of this month. The "**Due from building company**" is **\$82,038**. [This includes costs incurred from the Friends of Spero II entity creation and earnest money for the Brooklyn Park site purchase.] **Current year state aids receivable** of **\$291,079** is an **estimate** of FY21 revenue owed to us by MDE year-to-date based on the 10% holdback. **Prior year state aids receivable** remains at **\$218,953** and is based on fiscal 2020-21 year-end calculations of the 10% holdback. This is anticipated to be received during the Fall and as MDE finalizes their review of annual entitlements. The **Federal aids receivable** current balance of **\$67,655** represents an accrual balance for the funds expended so far in FY21 which are owed to us based on expenditures recorded. The **prepaid expenditure** balance remains at **\$14,105** for licensing and membership fees and insurance paid in FY21 for FY22 [not yet reflected in current year expenses]. **Salaries and wages payable** balance is currently at **\$8,000**. **Payroll deductions payable** is **\$23,776**. The **accounts payable** balance is currently **\$16,125**. The year-to-date **net income** is **\$544,335** 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 **78%** 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. COVID based funding streams available this school year are approximately \$50k, with varying expiration dates into 2024. These are reimbursement-based grants. The **total fund balance** of **\$3,127,877** represents the beginning of year fund balance and year-to-date net income combined. Year-to-date **food service fund** revenues exceed expenditures by **\$287**, favorable compared to

budgeted projections. Year-to-date **MA billing** expenditures were **\$4,263**. [The corresponding revenue historically lags behind due to the reimbursement nature of this funding.] Federal Funds and grant expenditures were lower than budgeted levels. **[Jenny's notes on Financials: *The Gen. Ed. furniture is high due to the CRCS auction items. When we get a breakdown of what is for classroom use we can re-code some of that to SPED. Within Federal SPED, the budget lines can be re-organized as long as they always equal \$73,423, so I don't have concerns that some lines are over budget. The supplemental check register includes some August items which were not picked up last month. The FY21 annual audit is scheduled for November 1-3. Drafts should be available in December or January for Finance Committee review.*]** The committee recommends working with Jenny to develop a "Cash-Flow" budget that takes into account the planned timing of larger income and expenditures throughout the year.

- 2. Monthly update on second Spero site acquisition/bonding/construction process -** The Brooklyn Park land purchase and bond funding closing processes are complete. The bond repayment interest rate was 5%. A ceremonial ground-breaking was held at the Brooklyn Park site earlier this month. Soil work has begun. Diane and staff are meeting weekly with the construction team. The Property and Finance committees will be made aware of any significant change orders.
- 3. Review of "403 Investment Policy" -** The committee reviewed this existing policy to determine whether 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."] The Committee discussed the need to add wording which would require Board Approval for new investments proposed by the School Director. The committee will revisit this policy next month with proposed added verbiage to that effect. The committee also discussed the need to look at safe investments options to gain interest on existing cash balances within the current policy parameters.
- 4. Non-Exempt Compensation Plan Change -** The proposed update would adjust the Non-exempt compensation plan, approved earlier this year to combine the "Experience" and "Bachelor" lanes in the plan for non-exempt employees. The rationale given for this change is that the school is having difficulty hiring and retaining staff who have experience but no degree. Of Spero's 110 current employees, 57.27% are Non-Exempt; 37.1% are "Non-exempt, No-Bachelors". This plan change would impact 24 current staff. For the current fiscal year, the overall additional salary cost is anticipated to be \$33,250. However, due to staff shortages so far this year, Diane believes the overall impact will be negligible for the current fiscal year. ***The Committee recommends eliminating the "Lane 1" lanes for Support, Paraprofessionals, and Paraprofessional Mentor/Admin & Health Assistant sections of the Non-Exempt Compensation Plan to the full board for approval.***

5. **“Mental Health Day”/“Spero Heros” Proposal** - The proposal is to add two additional paid holidays prior to the scheduled Fall Break holiday for the current 2021-22 school year. This will require a change to the school calendar, making the full week of Fall Break a non-school week. It will also reduce the number of classroom hours for the 2021-22 school year from 987 to 975 hours. The State requires a minimum of 935 hours. Rationale given includes a goal to support staff morale and mental health, given current challenges of operating under a staff shortage and during a pandemic. All staff and students would be impacted by these proposed days. ***The Finance Committee recommends this proposal to the full board for approval of these two additional paid Holidays for the Current 2021-22 school year.***

6. **Other Items** - Next month: Review proposals for Revised FY2021-22 Budget.