

**TCGIS Finance Committee Meeting
Minutes: January 19, 2010**

Attendees: Debra Haessly (Chair), Michael Dorneich, Christian Engelbrecht (GAI), Annika Fjelstad, Kim Kompel, Renee Moelders, Andrew Oxenham, Duane Wiste, Emily Woolsey (SBS), Mary Zellmer-Bruhn, and Emily Woolsey and Jennifer Gamberg (SBS).

Meeting was called to order at 6:30 pm.

Andrew Oxenham motioned; Michael Dorneich seconded, and the minutes from the December meeting were approved.

December financials:

- Emily reported that we drew money down from FLAP but she will need to meet with Annika regarding the Federal Special Education funding to get reporting and revenue aligned.
- The school is currently behind on certifying the projects to draw down the funds on EDRS, but that will be resolved with final assignments to appropriate payroll.
- Regarding budgeted revenue versus actual ADMs, we likely have been 195 on EDRS, but the actual enrollment has probably dropped lower already. Cash flow is based on *budgeted* ADM rather than the actual payments.
- Discussed the fact that our cash is likely to go negative at the end of April, so we need to go and secure a line of credit again now.

Action item: Debra will go to Park Midway Bank to discuss a line of credit.

Discussion ensued about how large a line of credit we need. FY11 budget shows a negative cash flow of \$90,000 so will need a line at least that much.

A discussion ensued about the holdback. Emily understood that there was a statute in place that says the state has to pay back the original 10% holdback but the additional 17% holdback from this year would be in play for the state to not pay. Kim asked for more information about this because MACS has been reporting that the 27% might all not be paid.

Suggested a potential improvement to SBS's financial dashboard to footnote or highlight the fact that we encumber salaries that will be paid in summer (cash flow) after the fiscal year ends (accrual).

Discussion moved to details on the FLAP grant expenditures. We are \$6000 over budget on instructional supplies in the FLAP grant, but some of the costs may need to be reallocated within the FLAP grant (it was expenditure for global books) or moved to a different place in the budget.

Cash flow projections may suggest that we are overspending on some areas of the budget.

- Decided we need to work on getting the lunch budget updated to more accurately reflect the food service piece.
- A question was raised about KPlus program. There still needs to be a meeting between Emily and Annika to make sure the salaries are appropriately allocated, etc.
- Discussed bank fees and Debra will ask about those as well when she visits the bank about the line of credit.
- Annika explained a situation with Assurant Health in which we bought two policies to cover the people who were inadvertently uninsured. They should only have been for one month, but we incurred recurring fees and after the fact found we had to intentionally cancel these. We discussed whether we could be reimbursed for that.
- Regarding workers comp and liability insurance, it appears we might have more actual expenses than budgeted if we looked at the worker's comp plus property/liability. Emily suggest that the \$10,529 line is a separate line for property/liability insurance but also that workers' comp is allocated in several places in the budget. We concluded that the workers comp is in the budget so the overall budget picture looks OK – i.e. we are probably only a few hundred over budget.

We moved to discuss unemployment self-insurance. We have budgeted \$30,000, but we should do a future calculation to assess our risk under various scenarios. The committee generally agreed that we should continue to self-insure but need to be more confident of our budgeted numbers and the risk it represents.

The committee moved on to discussion of initial FY11 budget planning process.

Michael suggested that we talk about the actual process itself and try to lay out the steps, but then also what inputs and information do we need for the budget and listed the following information needed to put together the budget.

1. First, we have talked about annotating this next budget which will be helpful not only for the current year but for future projections. This will insure

clarification of what is included in every line in the budget. Michael asked Emily if these notes could be in the budget. Emily said it isn't going to be put in the financials, but could be put in the budget in a notes section.

2. We need guidance from the board on priorities
3. A staffing plan
4. Lease options
5. Grant – revenues and obligations
6. KPlus evaluation of expenditures and revenue
7. Holdback assumptions and scenarios
8. Insurance projections
9. Information on potential budget cuts – scenarios to prepare for them

In terms of process and timeline:

1. Start annotating the current budget now
2. Get general guidance from the board at Jan meeting
3. The February Finance Committee meeting would be the general time of the build of the initial draft
4. Small meetings will work with the annotated current budget to put together the new budget line-by-line with SBS
5. After that, we will start asking the questions about what we have to change
6. Iterate between 4 & 5 with the board as needed and discussing the adjustments needed to meet our fund balance policy under different budget scenarios

It also may be advantageous to determine some summary categories that can be put on one page to understand the overall budget picture since so many items are listed in numerous places on the budget (e.g. salaries, lease, insurances).

Debra requested that we also do a better job of identifying the recurring contracts, when they are renewed, etc. in the annotation or summary. Annika says there is a binder of contracts. But some of the billings continue to be confusing. For example, CMERDC Region 3 does our payroll and hosts SmartFinance and security is managed by CITRIX so we get a bill for three services.

First order of business is to annotate the current budget. Should probably be a small group like Annika, Debra and Michael. Next small groups in public open meetings should start to build the budget.

Annika will work on a staffing plan.

Andrew said we should ask the board about guiding priorities.

Michael Dorneich moved to adjourn; Mary Zellmer-Bruhn seconded.
Meeting adjourned at 8:37 pm.