

TCGIS Finance Committee Meeting
Minutes: December 7, 2010

Attendees: Christian Engelbrecht (GAI), Annika Fjelstad (School Director), Kimberly Kompel (Board Chair), Renee Moelders (Treasurer), Andrew Oxenham, and Mary Zellmer-Bruhn

Meeting was called to order at 6:42 pm.

First item of business was to approve November Finance Committee minutes. Kim motioned to approve the meeting minutes; Andrew seconded; minutes were approved.

Review audit for the 2009 – 2010 school year

Renee took the group through the audit reports and financials.

Items of note:

- On the balance sheet, the receivable from the state is higher than last year due to the increased holdback.
- Liabilities at year-end are mainly salaries payable because 2 months of salary for the year are paid in the next fiscal year (July & August).
- Fund balance was at 19%. Larson Allen was pleased that we have a strong fund balance policy and that we were able to add to the fund balance in a difficult year. Their preferred target for fund balance is 20 – 25% of annual expenditures.
- Larson Allen did not have an opinion on a target fund balance in the community service (K+) program. They reflected positively upon the fact that the program is not running a deficit, as MDE does not approve of funding programs that serve a small segment of the population with general school monies. It is important to capture all eligible expenses as well, but we feel this has been adequately addressed by Annika and Leslie at BKDA.
- We are required by the state to cover the deficit balance in the food service fund through a transfer from the general fund. Larson Allen would prefer that in the future we show the transfer necessary in the budget, to accurately reflect the expected costs of the program to our general fund. We ended the year with a \$12,423 deficit, which Larson Allen felt was not unusual. It is difficult in their experience for charter schools to break even on their lunch programs.
- Annika updated the committee on efforts by Gwendolyn Stengel and Linda Michel to ensure that the lunch program is running in a fiscally responsible manner. They are using new software that assists with capturing all costs and reimbursements due from the state as well as with reconciling the invoices from our food service vendor.
- On the Statement of Revenues & Expenditures, federal sources of revenue came in \$34,645 under budget. This was FLAP grant money deferred to the 2010-2011 school year, and since the associated expenses were deferred as well this has no effect on the financial results. State sources were under \$14,262, less than 1% of expected revenues, and not an uncommon fluctuation.
- Under Commitments and Contingencies, there is a paragraph about our situation with our authorizer.
- There were no audit findings. Larson Allen audits nearly 50% of all Minnesota Charter Schools, and less than 20% have no findings, a positive result for TCGIS. Thanks to Annika, Linda and the administrative staff for all their hard work to improve the administrative and financial function of the school.

Authorizer update

Christian updated the committee on the GAI authorizer process and timeline. They are working with a consultant who formerly worked for MDE and understands the process well. The consultant feels that the GAI is already satisfying many of the fiscal and oversight responsibilities of an authorizer, and they are working together to further refine their processes and procedures. They are planning to have their draft completed in late January before the February deadline. The committee expressed sincere appreciation at all the hard work of the GAI authorizer committee.

Supply fee collections

Annika will research progress on supply fee collection for the January finance committee meeting. At the November meeting, the committee was surprised that so few funds are currently sitting in Fees from Patrons YTD activity, especially since this includes YTD field trip funds collected as well. Annika guessed that collections are at 70% at this point.

Review of BKDA services / timeliness of audit

It is unclear whether the late timing of our audit was due to BKDA or Larson Allen, as they each feel the other was responsible. Renee reiterated that we now understand how the timing should work, and that we will have to push to ensure that we get the timely results we require. She committed to making that happen. The ideal schedule will be BKDA in August / September, Larson Allen results by early October, and presentation by the audit partner at the board's November meeting.

Andrew expressed concern with the lateness of financials delivery by BKDA. Renee agreed to discuss the issue with Leslie and see if it would help to push the finance committee meeting to the third Tuesday of the month. Renee feels that BKDA has a much better grasp of the details behind the numbers, and that our problems are their problems, in stark contrast to SBS. Annika feels that she is supported better by BKDA, especially in the area of special education, and the special ed director agrees with this assessment. She would like to see better support from the Accounts Payable and Payroll personnel with whom she works. She agreed that a meeting should be called with Linda Michel, herself, and Leslie at BKDA to ask for improvements in that area.

Line of credit

Options exist with both Park Midway Bank and the Minnesota Nonprofits Assistance Fund for a line of credit to cover our May 2011 cash shortfall. Park Midway will allow us to apply for and draw upon a line of credit once our authorizer has made application. We must prove to them that we have a backup authorizer by June 30, 2011, otherwise we can not continue to draw upon the line. MNAP will allow us to apply once we have made application with a backup authorizer; however, we cannot draw on the line until we have an approved authorizer.

Phil Hatley at MNAP noted that we may get a year-long reprieve on the authorizer process in January when the legislature comes into session.

Wisconsin students

Annika has received a call from a Wisconsin family interested in attending the school. MACS informed Annika that we can accept an out-of-state student and charge tuition. Discussion ensued about ensuring special education costs are covered, assuming a worse case scenario that one student could have large needs that the school would have to fund. The committee agreed that Annika call MDE if the family remains interested, and continue to formulate a reasonable amount to cover potential costs.

2011 – 2012 budget

Annika will be posting positions for the 2011 – 2012 school year in January and was curious about the budgeting process. Last year the committee discussed high-level priorities in January, and worked on a budget in February and March for presentation at the March board

meeting. Renee will talk with Leslie at BKDA about the budgeting process and bring a timeline and priorities document to the January finance committee meeting.

Capitalization policy

BKDA and Larson Allen have asked Annika for a capitalization policy. As the school does not have one currently, Renee will produce a policy for approval at the December board meeting.

Contract Policy

Kim and Renee will bring a contract policy to the January finance committee meeting, clearly defining what level of contracts can be signed by Annika. Any other contracts need to be signed at the board level.

Meeting ended at 8:00 pm.

Summary of action items pending

Annika to develop a calendar of fundraising / other asks for funds.

Annika and Leslie will spend some time before the January finance committee meeting researching field trips. TCGIS office staff will also begin using course codes on all field trip receipts and expenses so that a special report can be produced on this category. Field trips should net out to zero by year end.

Leslie will roll the totals currently in Local Revenues: Admission and Student Activity into Fees from Patrons.

Annika will research progress on supply fee collection for the January finance committee meeting. The committee was surprised that so few funds are currently sitting in Fees from Patrons YTD activity, especially since this includes YTD field trip funds collected as well.

Annika and Leslie will also research supplies (non-instructional and instructional), furniture, and textbooks to ensure coding is correct in the different categories. Leslie would like to get a better prediction of the working budget expected on these categories, rather than just adjusting the working budget to reflect spending each month.

Leslie is also developing an updated working budget for the repairs and maintenance category. Expected yearend expenses are \$8,600 at current spending levels. This category includes the work done to create a teacher work area and front office desk space.

Renee will produce a capitalization policy for approval at the December board meeting.

Renee will plan the 2011-2012 budget process and bring a timeline and high-level priority document to the January finance committee meeting.

Kim and Renee will bring a contract policy to the January finance committee meeting.