

MSA January 2024 Finance Committee Meeting Minutes

January 2024 Finance Committee Meeting

Thursday, January 11th, 2024

4:15 PM

Building/Room: Building A Room 16 (Leonhardi's Classroom)

Finance Committee

Members:

Isaac Leonhardi	Chair of Committee, BOD Treasurer	Present
Wendell Sletten	Board Member, Teacher	Present
Dustin Reeves	Contracted Business Manager	Present
Kate Hinton	Administration	Present
Justin Gehring	Staff/Parent	Absent
Shauni Holt	Staff	Present
Jaidev Balchandani	Parent	Absent
Courtenay Dugas	Parent	Absent
Jennifer Stieve	Parent	Absent
Yohannes Ghebru	Parent	Present
Alicia Lerum	Parent	Present
Noah Langseth	Teacher	Present

Community Members: *None present*

Agenda:

1. Finance Reports/ Current Year Financials (Reeves)

There was no Finance Committee meeting in December, so Reeves presented November and December financials. Reeves noted that December's financials would cover a cumulative of November as well for further discussion.

November:

- Recommendation from auditors to list the \$176,560 (due to other governmental units) line item as a liability due to potential that the government may take it back (arrived at end of last fiscal school year). If the amount is not taken back, it will be moved to the reserves.
- Working budget surplus for the year reflected \$48,477.

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- November month end represented 41.67% of fiscal year completed with 36.5% expenditures disbursed and revenues received reflected at 42.7% of the working budget.

December:

- December month end represented 50% of the fiscal year completed with 44.4% expenditures disbursed and revenues received reflected at 51% of the working budget.
- Working budget surplus is \$48,477 at December month end.
- Federal Revenues- Halley at Creative Planning is working to draw on these funds for allowable expenses.
- December actual ADM was 600. The change in ADM occurred due to MSA claiming the PSEO students as MSA students for revenue due to the contract that we have executed with Century College.
 - Contracted services (*Expenditure 305*) has the working budget adjusted to account for the contract with Century College and its anticipated invoice.
- Salaries and wages (*Expenditure 100*)
 - Reflecting 43.1% of the working budget at December month end. Reeves has updated our working budget with the current contracts.
 - We will continue to see this line item rise due to the year progressing with stipend payouts and end of year payouts (ESST, PTO, end of year payouts, coach payouts).
- Reeves stated there were currently no concerns on cash flow projections. Lease Aid (348-000) revenues were low at the beginning of the year due to the Lease Aid just being approved. We will now see these payments flowing through.
- A coding error in supplementals was acknowledged for 413 (FRC) and 443 (FTC). A \$6,000 registration for 413 was mistakenly coded to 443 and will be adjusted on next month's financials.

2. Audit Update (Reeves)

- The audit has been submitted to all necessary authorities on time.
- Feedback that it was a very clean and smooth audit. No findings of interest, which is the goal of the audit.
- Page 34- Admin original versus final budgeted amounts. Reeves stated they would follow up with the auditor and would send a message to the committee.
- Reeves clarified that the Building Company is standard practice to be included in the audit, as its purpose is to support the district. It is always included in the district's audit as a "blended unit" meaning that it would not exist without the school existing.

3. Line of Credit Renewal Overview (Reeves)

- Reeves provided a brief overview of the history of a line of credit for MSA:
 - Reason for a line of credit is in case something happens with state holdbacks. In our case we do not anticipate needing it. It is recommended to have a line of credit in case something unplanned happens.

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- Clarification that the BOD will need to designate the Treasurer and Executive Director to draw on the line of credit.
 - Verification that MSA has not historically used the line of credit.
 - Bond covenant does not allow us to draw on a higher amount than the line of credit than we are offered.
- 4. New State Legislation Updates (Reeves)**
- Reeves provided an overview of the financial impacts on new state legislation:
 - New funding of \$2 per ADM for access to menstrual products. This funding is specifically for the products, UFARS Chapter 10 designates that Object 401 (Non-Instructional Supplies) may be used for this funding source.
 - Earned Sick and Safe Time (ESST) is an unplanned expenditure. MSA's PTO policy for full time staff is generous enough to not have an impact. Unfortunately, the impact for part time staff is currently unknown due to the nature of part time hours. Reeves stated that many districts are in a similar situation of unknown projections of adopting this statewide policy.
- 5. Student Support Personnel Aid (Leonhardi)**
- The position would need to be a position that was hired during the pandemic period or a new position.
 - If MSA does not use these funds, the funds will be taken back by the State at the end of the fiscal year.
 - Dr. Hinton and Reeves will take a look during their next budget meeting at what positions could be allocated to these funds potentially.
- 6. School Library Aid (Leonhardi)**
- Reeves verified that if we do not use these funds, the funds will be added to our fund balance at the end of the year.
- 7. Fundraising/ AFC Committee / Donations (Hinton/ Gehring/ Holt)**
- An overview of November and December Fundraising was provided (approximations):
 - \$26,906 raised in Annual Fund donations in November/December;
 - \$15,000 raised in Music Fund donations in November/December;
 - \$7,115 raised in various targeted extracurricular activities donations in November/December.
 - AFC is hoping to roll out mini-grants to teachers with money in the annual fund for opportunities to fund items in the classroom that we typically do not have a budget for.
 - There is a potential for some sort of fundraising event in the spring (uncertain at this point if this is feasible).
 - Policy 702 will be discussed at the next BOD meeting. This policy was a historical MSA policy that required clubs and activities to have fundraisers approved by administration.
 - A question was brought to the Finance Committee about the van fundraiser from the 2022-2023 school year:
 - At the end of last fiscal school year, there was not a request made to make a memo to carry the annual funds over. As a result, the funds were moved to MSA's reserves as a standard practice.

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- Due to the request not being made, MSA we cannot pull the funds back without causing things to “look messy.” Reeves clarified that if we were to reserve funds (carry them into the next year), we would have to assign the funds at year end. Due to it not being noted to be assigned at year end the funds were moved to the general fund reserves.
- A clarification was made that the previous director had mentioned that the vans were also not in production for some time and that they were not a feasible option.

8. Supplemental Budget Donation Carryover Discussion 24-25 (Holt)

- In the 2022-2023 school year, Administration approved extracurricular activities to carry over donations to the following school year due to low funds in previous years for the activities.
- Reeves cautioned that the biggest concern with allowing this to happen for extracurriculars again is to match the expenses with the revenue, which can be tricky as additional expenses come through.
- There is a difficulty with tracking year to year when carrying over the same funds in supplemental categories for student activities due to the nature of size and frequency of orders.
- Want to match the expenses and revenues all in the same year. Too much going on may get “mucky”.
- Funds are never “gone” as they are added to MSA’s reserves if there is a remaining total at the end of the fiscal year if the funds are not allowed for carry over.
- Dr. Hinton mentioned the potential of allowing carry over for a “large ticket” item versus carry over for the sake of carry over.

9. Expansion Update (Hinton)

- An offer was put in to lease a building last week. The property owner was told that they have 30 days to respond, as we cannot sit and wait. Budget planning for 24-25 as a result is “held up”.
- Until we know whether or not we will be moving forward with the lease, we will be unable to determine staffing and student projections for the following school year's budget. Once we are able to move forward, due diligence and a potential full expansion budget can be completed. As this information is not yet available, we are not able to move forward with an expansion budget at this time.
- 10 potential properties in District 833. Some are more feasible than others.
- Bonding is advising that due to the time it would take that all the funds would need to be borrowed at once. Working with project managers to come up with a timeline.

10. 24/25 Budget Planning Update (Hinton)

- Looking at various items in the curriculum to see what is effective.
- Slightly behind in the budget plan due to the wait in response to the lease offer.

Next Meeting: Feb 12th, 2024 at 4:15pm

Meeting adjourned at 5:15pm