

AIS

Minutes of Finance Committee

June 13, 2018

The meeting was called to order by the Chairman at 5:30 PM.

Attendees:

**Meredith Johnson - Chairman
Debra Adams – Committee Member
Cheryl Beaco – Committee Member
Barbara Crain-Major – Board Chairperson
Terri Williams – Principal
Melvin Davis – CFO (Independent Contractor)
Michael Bruno – Invited Guest**

The Chairperson asked for a motion to approve the agenda that was emailed in advance of the meeting. Debra Adams moved that the agenda be approved, and Meredith Johnson seconded the motion (Ms. Beaco had not yet arrived).

The Chairman recognized Michael Bruno. Mr. Bruno indicated that would he not be able to stay for the entire meeting and wanted to a few minutes to review a document related to an item towards the bottom of the agenda. The committee members agreed to let him speak at that time. Mr. Bruno distributed a document that addressed the Family & Medical Leave Act (FMLA). The document states that FMLA only applies to companies/organizations with 50 employees or more. At this time FMLA does not apply to Mrs. Paulette Bruno or Moton Charter School. The Chairman stated that this matter would be covered later when investment opportunities are discussed. The Chairman thanked Mr. Bruno.

The Chairman reviewed briefly the agenda items and indicated that this meeting would be informational, by nature, and provide an overview of materials available to committee members related to their role and responsibilities. It was pointed out that this committee was the frontline for reviewing and discussing in detail financial information before it is presented to the full Board.

The Chairman called the committee members' attention to the guidelines for the finance committee. The members were also asked to read the materials emailed to them on the role and responsibility of an audit committee. It was pointed out that this committee was not just the finance committee, but also the audit and investment committees.

The Chairman stated that financial statements can reasonably be expected by the 15th day of the following month. Therefore, it was suggested that the finance committee meet on the

Thursday of the third week of each month. This timing would permit the finance committee the one week required to submit our report to Board Secretary, if the Board was willing to meet the last week of the month. The committee agreed that this timing for the two meetings should be brought to the full Board.

The Chairman stated that at each meeting he planned to have educational moments to highlight and discuss the interpretation of elements in the financial statements. There was a general discussion about the time required for our monthly meetings. The Chairman pointed out that if materials are received in advance, most meetings should only require an hour. It was stated that certain meetings, i.e. budget meetings, year-end closings, etc. will require up to two hours. Ms. Adams asked if the meetings could be held earlier to allow for those meetings when more time would be needed. After further discussion, the committee decided to start monthly meetings at 4:30 and that would allow two-hour meetings to end by 6:30 PM.

The Chairman recognized Mr. Bruno. Mr. Bruno offered to provide training sessions on interpreting financial statements for 15 to 20 minutes at the beginning of each meeting. The committee members were very receptive to Mr. Bruno's offer. The Chairman pointed out that understanding financial statements would be recommended as a topic at future Board retreats.

The Chairman recognized Mr. Bruno, who suggested that consideration be given to changing the name of the committee to the "Audit and Finance Committee" so that everyone would know that there is an Audit Committee. The Chairman stated that he wasn't sure, but he thought that was the original name of the committee and he would bring it up at the next Board meeting.

The Chairman covered the financial information that he wanted sent to the Committee at least three days before the finance committee meeting, starting in July. The financial information should include financial statements in the same format as the annual audit report with supplementary schedules (budget versus actual for unrestricted and restricted funds that are currently being provided). In addition, the Chairman stated that beginning with the June 2018 financial information, the CFO should include the operational performance measurements required by OPSB (provided to committee members in the email with the agenda).

There was some discussion concerning the financial information required by the CFO. The Chairman indicated that beginning in July, the CFO would present the financial information to the committee and the Chairman, in his capacity as Treasurer, would report on the financial statements to the full Board. The Chairman would provide financial statement highlights to the Board, because as discussed earlier the finance committee should have reviewed and discussed the financial information in detail.

The Chairman stated that the next few items on the agenda would be covered by Mr. Davis. Before Mr. Davis began, the Chairman inquired about the status of the May financial statements, the next topic on the agenda. Mr. Davis stated that he had just received the

May bank statement and needed to reconcile the bank account and record any necessary entries, including payroll entries. Mr. Davis indicated that the statements should be available by the end of the week.

The Chairman stated that the preparation of the financial information could be speeded up by giving the CFO access on-line to the bank account only to download the monthly statements and view the transactions. Mr. Davis indicated that he requested that some time ago and the ability to transfer funds from the operating fund to the payroll account.

The Chairman asked the principal to arrange with the bank for Mr. Davis to have access to the bank account only to download the monthly statements and view the transactions. The Chairman stated that Mr. Davis was an independent contractor and could not transfer funds between bank accounts. However, he indicated that the principal could transfer the funds between the operating and payroll account. After some discussion, Ms. Adams was asked to go with the principal to the bank to submit the board authorization for Ms. Williams to be an authorized check signer and arrange for Mr. Davis' access to the bank statements on-line.

The Chairman asked Mr. Davis to address the status of billings for cost reimbursable contracts. Mr. Davis stated that the grant management system would still only allow him to go so far and he has not been able to resolve the carry-forward grants or billings for current year. He indicated that he asked Ms. Randolph to adjust the grant budgets for indirect costs, not included in the original grant budgets and that has not been done yet. Mr. Davis indicated that he was meeting with someone from the State that should help to resolve these outstanding matters. The Chairman asked Mr. Davis if any efforts were made to determine if any charges against MFP (Unrestricted) funds could be legally charged to any of the grants to increase reimbursements. Mr. Davis indicated the salaries and benefits were the major budgeted items in the grant awards and did not believe small amounts for supplies would have a major impact. The Chairman indicated that any additional amounts that could be charged still saved MFP dollars. The Chairman asked Ms. Williams to have Ms. Randolph provide him with the access information for the grant management system.

Mr. Davis pointed out that he believed a critical issue at this point was getting the school's budget amendments approved by the full Board. He stated that the Board needed to review the proposed amendments and public notice was required for at least 10 days before the Board meeting during which the amendments would be voted on and approved. After some discussion, the Chairman asked Mr. Davis to have the proposed budget amendments included in the financial package for the next Board meeting on June 26th. This would allow enough time for posting the notice before the July Board meeting.

Mr. Davis provided the attendees with a copy of the reports required by OPSB/State with due dates. He reported on planning for the year-end audit and closing of the financials. Mr. Davis indicated that he expected the closing of the financials and annual audit to go smoother this year. He had some preliminary discussions with the auditor and was waiting to get an update on the agreed upon procedures required in conjunction with this year's audit. Mr. Davis stated that the auditor was waiting on the signed engagement letter so that

it could be forwarded to the State. The Chairman stated that he believed the engagement letter was signed by the Board Chairperson and asked Ms. Williams to expedite its delivery to the auditor.

Ms. Adams had to leave but wanted to thank the Chairman for starting the meeting on time; the orderly agenda; and engaging everyone in the discussions.

The Chairman reminded Mr. Davis that the accounting policies and procedures manual was an item he believed was to be updated by June 30th. The Chairman indicated that he would also try to look at some areas for revision.

The Chairman stated that he planned on reviewing the matter with opening an account with Morgan Stanley for the \$500,000 promotion. In the interest of time, the Chairman summarized matters by stating: (1) efforts to rush and meet the required deadline failed and would not have followed the best way to handle matters; (2) Mr. Davis provided the Chairman with a state statute stating that public funds should not be invested with a brokerage firm, but with financial institutions; (3) research by the Chairman disclosed that Morgan Stanley is also an investment bank and may qualify under statute (a more in-depth review of the statute was required); and (4) the Committee and Board now have time to do things the proper way and consider presentations by multiple financial institutions. The Chairman asked Mr. Davis and staff for the contact information of our representative at Hancock-Whitney, so he could meet with the individual about the very low interest rate we have with them. Ms. Beaco stated that she did not understand what we were investing for. It was suggested that a financial plan be developed. The Chairman stated that he would add that subject matter to next month's agenda.

The Chairman indicated the last point he wanted to stress was grantsmanship. He stated that we should look for every opportunity to identify and pursue grants to pay for programs, learning software, computers, etc. He stated that just because there is a large surplus of funds available, we should not look at that money first and just spend and spend. Mr. Davis stated that he did not know if the school needed more grants with the current problems we have with the existing grants. The Chairman stated that the first priority is to straighten out the current handling of grants. He pointed out that if we don't ask "Is there a grant that will pay for this?" we will wake up sooner than we think, and all the money will be gone.

Mr. Davis asked if he could briefly address his concerns with his contract and the duties required. There was some discussion and the Board Chairperson suggested that Mr. Davis take some time and put together a proposal that should be submitted to the Chairperson of the Finance Committee. Ms. Crain-Major stated that she believed in people being compensated properly.

A motioned was made by Ms. Beaco to adjourn the meeting. It was seconded by Ms. Crain-Major. The meeting was adjourned at approximately 6:50 P.M.