

APPROVED



Great Oaks Charter School - Bridgeport

Minutes

GOBPT November Monthly Finance Committee Meeting

Date and Time

Monday November 7, 2022 at 1:00 PM

Location

Great Oaks Charter School - Bridgeport
375 Howard Avenue
Bridgeport, CT 06605

Committee Members Present

Bob Carlson (remote), Corey Sneed (remote), Eva Vega (remote)

Committee Members Absent

None

Guests Present

Benjamin Chan (remote), Janay Garrett, Jennifer Bull (remote), John Scalice, Latoya Hubbard, Lauren Perkins (remote)

I. Opening Items**A. Record Attendance****B. Call the Meeting to Order**

Corey Sneed called a meeting of the Finance Committee Committee of Great Oaks Charter School - Bridgeport to order on Monday Nov 7, 2022 at 1:03 PM.

II. Presentation of FY22 audit report by Jennifer Bull, Partner, PKF O'Connor Davies

A. Presentation of FY22 audit report by Jennifer Bull, Partner, PKF O'Connor Davies

B. Chan introduced Jennifer Bull (PKF O'Connor Davies) as the esteem partner running the audit for this year, so up first on the agenda is to review her report.

J.Bull jumped in to review the draft presentation of the audit she shared with **B. Chan**, that she will be making to the board in the coming Board Meeting.

Quick status:

- Significant audit areas have been addressed and substantive audit work has been completed
- Work has been performed in accordance with the audit plan
- We are expecting to issue an unmodified opinion has been given based on financial statements, which is the best opinion you can get
- Audit file and Financial Statements still need to go through Quality Control process
- Remaining open items:
 - Final approval by the Board of Directors
 - Legal representation letters from Counsel
 - Sent out Confirmations from the City of Bridgeport for transportation and special education services; need to follow up with this
 - Final Signed Management Representation letter to be obtained
 - Complete compliance work for the Uniform Guidance Audit - L. Hubbard has been working hard to ensure they have everything they need for that as well; not holding it up
 - Prepare for 990 tax return for management and Board Review (Due November 15th, but an extension is being prepared like we do every year and it will be electronically filed, gives us some extra time to finish up)
- Significant audit areas as usual are cash, receivables, net assets, contributions, grants, and payroll and related expenses
 - Other areas focused on during the audit are any subsequent events, which are events that happen after June 30th 2022, that might have a bearing on the financial statements that everyone might be reading; related parties (like the foundation, since they do a lot for the school); fraud and illegal acts, fraud inquiries of board members, management and any other inquiries that may be submitted; any other going concerns for consideration, audit procedures under *Government Auditing Standards*, and audit procedures under Uniform Guidance, Audits of States, Local Governments, and Non-Profit Organizations (**J. Bull** gave a brief overview of what each of these additional standards require because of the grants received by the school; testing above and beyond certain standard requirements; e.g. per pupil grant

requires a special test, that's included in the audit to be sure the school is in compliance)

- **B. Carlson** asked about the note that GOBPT is managed by the GO-Foundation and asked if that's accurate- **J. Bull** noted yes, as far as she knows based on what the foundation does for the school. **C. Sneed** noted yes, it's due to our Charter Management Agreement (CMO). **B. Carlson** wanted to make clear providing services under our management agreement versus management of the school; **C. Sneed** noted it's not a direct reference to job descriptions, but rather an indicator of the agreement made between the school and foundation to provide certain services.

J. Bull then reviewed **Financial Statement Highlights** of the Audit

- Assets down to \$109K in relation to decrease in the reserve fund we used to pay off long term debt
- Liabilities are down \$484K for the same reason- we paid off the long term debt the school had
- Net assets are up \$375K - reflecting a positive change in net assets

J. Bull also reviewed the **Statement of Activities**

- Public Support and Revenue Increase \$1,148K due to COVID related funding and increase in per pupil amount
- Expenses increase \$1,015K - mainly in salaries and related expenses and curriculum/classroom expenses related to in person learning in FYE2022

J. Bull passed over any pieces of the presentation that were not relevant to the finance committee but will be a part of the full board presentation next week.

They did not identify any deficiencies in the internal control, that they consider to be material weaknesses; two additional pages define a significant deficiency in internal control/weaknesses: we found none! We would have spoken with the board chair and finance chair a lot sooner if there were any deficiencies noted.

J. Bull's last item was the new standard coming out, delayed over the last years. Next year, if the school has any leases, that will need to be added to the balance sheet next year along with any related liabilities; we can work with **B. Chan** on this, there is software within the firm that can help with that- for them to do or us to do, but there are tools to help clients through this transition next year. FYI.

On the financials **J. Bull** wanted to point out, is there is more expanded footnotes on contributed services and goods from the foundation to the school, but we are now required to disclose the values of those in-kind contributions as well, so you will see that displayed in the financials this year.

B. Chan asked if the City of Bridgeport would be prepared for that- and she noted yes, she thinks they'll be fine. She shared that for example, if someone donated something to the school, we'd have to prepare a description or process for how we evaluated/valued that donation. In-kind rent is another example of where this might arise, even if we are renting a place for \$1 as an in-kind donation, the market value of that rent needs to be described in detail in the financial notes, how you came up with the valuation.

C. Sneed asked if there is a standard we can adopt moving forward, or is there a fluid process. J. Bull encouraged us to adopt a policy and procedure to describe the process by which we value in-kind donations in our financial statements.

L. Hubbard and J. Bull discussed teacher certification briefly, as a lingering part of remaining research for the audit. No questions or concerns risen, J. Bull noted she was done!

Note: Zoom closed on accident/transfer of host wasn't passed back; after a few seconds of interruption everyone jumped back on the call sans J. Bull.

III. Financial Overview

A. Current Cash Position

B. Chan started with the current cash position through the first week of November:

- Checking account: \$656,370
- Food Service: \$39,805 (where meals are being pulled from or paid from and USDA food programs being paid into)
- Reserve: \$244,251

Total: \$940,426

-Credit Card Balance: \$2,396

C. Sneed asked with the balance being under 5,000, if they had also brought the limit down as discussed. B. Chan noted yes, and that the school is doing a great job leading low spending, driving most of purchases through invoices, and using the credit card as a last resort.

IV. Financial Review

A. October Dashboard & Financials

B. Chan reviewed End of October 10/31 report

Cash balance at end of year for operating account was \$971K, food account was \$50,000, reserve account was a little less because it hadn't been funded through November. \$1.2 million for cash position.

Other couple of things to highlight on cash position as a whole is that 19,000 was left to pay down foundation at the end of October and was slightly below the typical 23,000 that had been paid down in months since BlueHub was closed out, so as of first week of November that loan has been paid down and basically now the school is debt free!

As of last week, school is debt free.

We mentioned there is a BARR grant for 166K this year and it repeats itself over 3 years, don't be shocked about negative numbers, this is on revenue side. Lines below are expenses. We want to recognize revenue, for the state, we don't have all title funds fully funded yet through CSDE fiscal approval; lunch program, still missing meal claims, we will just go in and update.

Budget this year- ESSER funding is a big deal and we are getting a lot through ESSER, but we draw down quarterly so with the grants team, we are consolidating all the numbers, reconciling them and then drawing down the numbers for the first quarter. On the revenue side, we are waiting for the SPED count and roster to invoice the first quarter to the city of Bridgeport and the Bridgeport school district, B. Chan's understanding is that the SPED count is higher than previous years, so we should expect therefore, additional funding, more than what was budgeted through special education funding.

In terms of salary and payroll, we are currently under in terms of salary and payroll, which is a good thing but also to be expected because 1) we have summer payroll for the teachers and 2) not everyone is hired day 1 as July 1. So even for staff members, I noticed a lot of people were hired 8/1- end of August and beyond so we've got a little savings here and there across the board for new hires.

Professional and contracted services was right in line.

B. Chan noted highlights in terms of facilities, there are a couple of things to bring to everyone's attention. There were building issues, Grotsky, so there was heavier spending on the HVAC maintenance, Janitorial at the beginning and also utilities. The utility bill with Energy Management Systems is fairly high and they don't know if there's a way to audit them, check that, but the cost to the school does seem higher than what used to be charged by UI directly.

C. Sneed shared he heard an announcement that there has been an overall 30-40% increase in utility services, however, we should confirm this because by moving over to that service we were supposed to continue to save money, not spend more.

B. Chan noted exactly, and they're trying to be sure they keep track because there are 7 accounts, 2 for the school and 5 for housing; they're tracking that now, since the beginning of last year, they seem high, but B. Chan isn't sure what the relativity is in terms of rates.

B. Chan reviewed credit card transactions as part of our flow for work stream now. For end of September/October, B. Chan did a quick review.

B. Chan noted that they have a recurring AP tracker now, so all monthly vendors are tracked so Jess and the team can make sure a) all the invoices are collected regardless of how they come in and 2) we can group things/we can have groupings; so digital platforms is becoming more and more expensive but more and more essential, like BoardOnTrack. As we rely on technology, we want to be sure we have these things isolated. B. Chan noted this is the same with maintenance contracts (grease traps, fire checks, HVAC and elevator); easier that we know that these are all a part of one group and we make sure we are keeping on top of that month to month.

C. Sneed asked about GreenwoodHeinmann, a specific transaction that appeared 3 times on the transaction list- he asked if it was the same purchase split into three or three separate purchases, because they had the same dollar amount listed per item. B. Chan noted that they were separate transactions, but/also, they have a reconciliation process that receipts are uploaded/tracked as well. Receipts are checked through a 2 step process. Receipt goes in and there's a checkbox, then reviewed and there's a checkbox. Reviewed for conformity with what was expected. The additional step they're taking now too, is the payment request form is used not just for invoices by vendors, but that it's used for each credit card transaction as well. Basically you will have an approval process that goes with that payment request form that will increase transparency.

B. Chan continued to review the transactions; last month was a heavy one in terms of purchases, so they had a closer look at that to reduce transactions, which is already happening.

V. Additional Items

A. Enrollment

B. Chan noted that the PSIS system for the state shows that we have the full allocation of 661 slots this year for enrollment; it was less last year and if anything, there are a few additional students who are enrolled (which we aren't funded for), but it's nice to have that 661 number locked in

B. Debt free

We already noted that the school is now debt free!

C.

Facilities Updates

B. Chan noted he hopes there aren't as many, Jeff called this morning because there is temporary shoring and maybe over the holidays they'll work on a permanent fix, but where it does relate to us is, an update on the water and sewer. Engineering department from the city has come in, created a separate address not related to the school, but the housing adjacent to the school, so he can split out the water meters for each location with a separate address for each one; from the WPCA it was one address and then multiple water meters; without the ability to split the address he couldn't split the accounts

He is going to start working through what the invoices should be, then propose what the numbers should be that we should pay for the water and sewage that we haven't been accounting for yet.

C. Sneed asked based on his conversations with Jeff, if the sentiment or expectation is that whatever is owed will be paid in full? They've dragged this out, so it's not fair to us that we would be on the hook for cutting a single check;

B. Chan noted that all the legal fees and late fees he's incurred should totally be on him. But he noted that he wanted to see and review the proposal first.

Lastly, B. Chan as we use the time in the finance committee, new vendors and purchases over \$5,000. He turned that over to the school/board.

D. Vendors: new & \$5k+

L. Hubbard reviewed one approval the school was requesting, which is for the students with academic growth, inc. (SWAG) facilities rental. We will have to ratify this vote at the board meeting on Wednesday; we had initially planned to use Hall Neighborhood house, who we have an existing relationship with, but just due to issues at the facility, they will no longer be able to accommodate us, so we were able to find this facility, that can accommodate us on short notice. We also reached out to the city of Bridgeport but their costs were super expensive, and this place was just a bit more affordable.

The cost to rent this place, L. Hubbard shared, is \$65/hr, and will share a copy of the agreement in BoardOnTrack for review for the upcoming board meeting.

E. Approval of October Minutes

Bob Carlson made a motion to approve the minutes from October finance committee meeting.

Eva Vega seconded the motion.

The committee **VOTED** unanimously to approve the motion.

VI. Closing Items

A.

Adjourn Meeting

Bob Carlson made a motion to Adjourn meeting.

Eva Vega seconded the motion.

The committee **VOTED** unanimously to approve the motion.

There being no further business to be transacted, and upon motion duly made, seconded and approved, the meeting was adjourned at 1:45 PM.

Respectfully Submitted,

Corey Sneed