Collaborative for Educational Services  
Finance Committee Meeting  
November 9, 2021 at 8:00am-9:00am  
Minutes (APPROVED)

Attendance:

Committee Members: Dan Hayes, David Lubbers, Anne McKenzie, Denise Storm. 
CES Attendees: Todd Gazda, Rebecca Lincoln, Victoria Lucadello, Karen Reuter, Barbara Siegel. 
Whittlesey: Elma Bashir, Tom Dowling, Steve Erickson. 
Absent with Notice: Rick Martin.

Welcome:  
The meeting was called to order and a quorum was confirmed at 8:04am.

FY21 Audit with Whittlesey: 
Siegel introduced the audit team from Whittlesey. The FY21 audit has been successfully completed. There were no audit findings, no weaknesses in internal controls, and no significant deficiencies were identified. Whittlesey will file the Uniform Financial Report (UFR) with the state of Massachusetts on time and the UFR is consistent with the prior year. Whittlesey noted that no adjustments of internal reporting were necessary which indicates that the Board is receiving accurate financial statements for review during the year. Erickson thanked Siegel and her staff for maintaining a good working relationship with the audit firm.

2021 was a unique year due to the pandemic and it is a positive sign that the financials are within the norms for the organization with an overall deficit of approximately $183K. This is a significant reduction from the original FY21 budgeted deficit of $1.125M. The six-year history shows a positive trend of stability. Dowling noted that the Paycheck Protection Program (PPP) loan was forgiven at year-end. This will become income in FY22.

Dowling stated that Whittlesey agrees with the cumulative surplus calculation done by Siegel. No adjustment is necessary. Gazda will lead a group to review revenue management this year and reduce the potential impact to the FY22 cumulative surplus due to the PPP funds and the Elementary and Secondary School Emergency Relief (ESSER) funds.

Siegel thanked Lincoln and the entire staff for all their hard work throughout the year that contributed to a smooth audit process.

It was noted that the Board will need to vote on the FY21 audit, the cumulative surplus calculation, and the FY21 amended budget at their November meeting.

FY22 Financials as of 9/30/2021: 
Siegel reviewed the financial reporting. CES is in an excellent position for this stage in its fiscal year, with a lower current deficit than last year. HEC Academy is contributing to this performance with 22 students enrolled. The Operations line shows a deficit and there was discussion about using available funds to offset all or part of this. Cash flow is solid and could support this action. Professional Services income is healthy and in line with last year’s strong performance.
FY22 Updates:
The PPP loan forgiveness funds total $5.825M. There is over $1.3M worth of contracted business posted in Salesforce, with over $1M from Professional Development. CES is now using Salesforce for Special Education Itinerants invoicing, and this is a productive update.

CES is developing opportunities to increase enrollment at Mount Tom Academy. This represents an important service to member districts as students can continue to make educational progress while enrolled there during a suspension from their own school district. The group discussed various ways to optimize revenue at Mount Tom and these will be assessed going forward.

Siegel gave an update on indirect. There has been a positive trend in indirect during the past two COVID years. There are no concerns about this issue.

FY22 Cost Of Living Adjustment (COLA):
CES will ask the Board to vote on a 2% COLA for non-union staff. Union staff received a 2% COLA on July 1, 2021. The COLA adjustment for non-union staff would be retroactive to 7/1/2021. The committee discussed the merits of this proposal, including equity, morale, and staff retention.

*McKenzie motioned to approve the 2% COLA for FY22 as presented. Storm seconded the motion. There was a show of hands and the motion carried unanimously with none opposed and no abstentions.*

*Storm motioned to approve the FY21 audit as presented. Lubbers seconded the motion. There was a show of hands and the motion carried unanimously with none opposed and no abstentions.*

*Storm motioned to approve the FY22 financials through 9/30/2021 as presented. McKenzie seconded the motion. There was a show of hands and the motion carried unanimously with none opposed and no abstentions.*

Other Business:
Siegel informed the committee that the Massachusetts Teachers Retirement System (MTRS) has notified CES that they will be auditing the employee census data for Tax Year (TY) 2020. Meticulous record keeping is required for this system because many programs have differing numbers of days in their school calendars which affects the contributions to the system. Siegel does not anticipate any challenges with this audit.

The committee discussed how productive the Salesforce platform has been. It is aiding the organization in tracking and obtaining payments more quickly. Adopting this software has been beneficial on many levels. The committee discussed other potential innovations and what COVID adaptations may have value in the post-pandemic era.

The meeting adjourned at 9:07am.