



CVFIBER FINANCE AND AUDIT COMMITTEE REGULAR MEETING MINUTES

Virtually on MS Teams

April 18, 2024

Minutes Short Summary

- The Finance Committee unanimously approved the minutes for the March 25, 2024 meeting. Bonnie Batchelder reported that she expects the audit process to be finished by the end of May or early June. David Mannix reviewed the financial reporting process.
- CVFiber's mission is to make service accessible to all at the lowest costs possible, not to make a profit. The Finance Committee entered into Executive Session, and no action was taken.

Present

Finance Committee Delegates: David Mannix (Chair, Marshfield), Ted Barnett (Williamstown), Jerry Diamantides (Berlin), John Burke (Cabot), and Sybil Schlesinger (Alternate Moretown)

Absent: None

Others Present: Siobhan Perricone (Orange), Jennille Smith (Executive Director), Laurie Beth Putnam (Treasurer), and Bonnie Batchelder (Finance Manager)

Call to order: David Mannix called the meeting to order at 6:01pm.

Additions to the agenda:

- None.

Public comment

- None.

Approve Meeting Minutes

- MOTION (Ted Barnett, Second Jerry Diamantides).
To approve the minutes of March 25, 2024 minutes as drafted with suggested corrections.
Approved unanimously.

Update on Financial Audit

- Bonnie Batchelder reported that there are six items that need to be reviewed but the audit committee will be back on May 20 because they have another audit they need to do now. Jennille Smith concurred that this delay was a surprise but should not be a problem. Steps are still being taken to move forward.
- Bonnie Batchelder has received new invoices from Eustis and she has responded to these.
- As of 12/31, 2023, Bonnie Batchelder confirmed \$3.8 million in inventory. As of 3/31, there is \$5.5 million remaining. She would like to get access to Finale so she can run these reports, and Jennille Smith confirmed she would send her the necessary information.
- David Mannix checked the accuracy of the 2024 budget, and the plan called for using \$35K because most of the materials would already have been purchased. Jennille Smith said that not much is needed to go forward except consumables, and she believes no more materials would be needed to finish phase one. David had concerns because CVFiber spent \$100K/month on materials, but Bonnie Batchelder pointed out that these materials have already been paid for so these are not costs being incurred now.

Project List – Financial Reporting Process

- David Mannix noted the reports now being produced monthly: Statement of Activities, Statement of Net Positions, Town ARPA and Grant Report.
- David Mannix asked to use the Town ARPA report to track all obligated funds in a cash flow report. Bonnie Batchelder agreed to a new cash flow report and a separate quarterly forecast.
- On timely billing, David Mannix is working with Jennille Smith reconciling spending in 2023 and 2024. Starting with April actuals, he would like to reserve spending for Eustis by DA and spend category. Bonnie Batchelder noted that Eustis is all in construction labor. David Mannix asked if based on miles completed, can we determine what Eustis was paid and what they are owed. Jennille Smith has asked Eustis to provide the final dollar amount owed.
- David Mannix said that CVFiber needs to find a way to track expenses based on miles of construction completed.
- State statutes and CVFiber bylaws define the expectations for the Treasurer role. David Mannix examined three different work streams to map out what Bonnie Batchelder does each month. Laurie Beth Putnam approves Bonnie Batchelder's work, and Laurie Beth Putnam confirmed the process is correct and her role is correct. David Mannix would like to add documentation of the Treasurer's approval of month end close.
- Ted Barnett asked if there is a second pair of eyes on banking reconciliation so one person does the reconciliation and a second person approves these. Bonnie Batchelder confirmed that her close process includes separation of responsibilities.
- Jerry Diamantides asked about report timing. For example, in June, does the Governing Board see the April financials, not the May financials? David Mannix agreed this is the case. He also pointed out that if the Governing Board met the fourth week of the month, they would be reviewing the prior month's financials instead. Jennille Smith noted that a Board member has requested a cash flow report and this is now available.
- After day 15, when the month closes, the reports are reviewed by finance, and the status of grants and loans is reviewed. David Mannix would like to ensure that there is enough

runway with the remaining grant funds to finish what has been obligated. Bonnie Batchelder agreed this is important and as well as paying attention to segregating for Towns.

- David Mannix noted that the Treasurer has the authority to delegate the grant review, but also does need to review this report. Jennille Smith said she uploads these reports and the VCBB reviews it so there are extra eyes on this.
- David Mannix noted that for Calais, the ARPA funds will be spent in April. The VCBB match will not arrive until next month. Bonnie Batchelder said these can be applied to installations. Jennille Smith said this process also works for her.
- Jerry Diamantides noted that this was not the way the flow of funds was intended. He asked when the funds would come in from the VCBB. Jennille Smith pointed out that the VCBB is still working on the pre-BEAD funding. The disbursement for the amendment has also not come through. Siobhan Perricone pointed out she signed two of these three for approximately \$800K.
- David Mannix discussed the new finance reporting process. Bonnie Batchelder now sends out the financial report with an executive summary, which goes to the Executive Committee and the Governing Board. Once it is published, Jennille Smith and Olivia Kantyka can socialize it.
- Laurie Beth Putnam is responsible for presenting a summary to the Governing Board.
- David Mannix would like to start a quarterly 12-month forecast.
- Ted Barnett suggested that a more detailed report be presented to the Governing Board bi-annually. David Mannix said that the Board does receive a detailed financial report monthly and that an annual summary report would summarize the year. Ted Barnett said that he was used to a fuller look quarterly, but David Mannix said he intended the Board to see a high-level summary at year end, not a detailed report. Jennille Smith noted that internally CVFiber might want to do the deep dive quarterly, but not present quarterly.
- Jerry Diamantides suggested that Board members be invited to attend the new quarterly Finance Committee forecast meeting rather than do a detailed quarterly presentation to the Board.
- The annual budget is completed yearly.
- David Mannix is going to send the draft Finance Reporting process flowchart to the Policy Committee for review.
- Siobhan Perricone asked the Finance Committee to review and end the stipend for the Chair of the Board and the Clerk, and to examine how the Treasurer is paid, and she suggests all should be hourly. The note-taker is already hourly. This change would match NEK and Maple Broadband's current practice.
- Jerry Diamantides asked if hourly rates have already been approved. Siobhan Perricone said that NEK is paying \$150/hour to their Treasurer and the others are hourly with expenses approved. Both Siobhan Perricone and Jeremy Matt have ceased taking their stipends until the change has been worked out. To be instituted the process needs to come from the Finance Committee to the Executive Committee and then to the Governing Board. Ted Barnett volunteered to assist in this process.
- Jennille Smith noted that John Burke asked how projected revenues are being handled. We are projecting 15 installations/week at an ARPU of \$95 each for revenue and the cost of \$1,500 per installation. Current customers will be installed by October, but more potential subscribers will also be coming on. We expect to be installing them through the winter.

- John Burke asked how the grant funding was going to be replaced by subscription revenue. Bonne Batchelder asked that those who have access to QuickBooks be extremely careful. We do not record deferred revenue or subscription revenue until the end of the month. David Mannix noted that construction costs are paid through grants and loans. We intend to report subscription revenue and customer-facing overhead and variable operational costs. We are modelling the breakeven point when revenues will cover costs. CVFiber's mission is to make service accessible to all at the lowest costs possible, not to make a profit.

Review March Financial Reports

- David Mannix would like to enter Executive Session to review the Financial Report.

MOTION (David Mannix, second Ted Barnett)

Move that the committee enter executive session under 1 VSA 313(a)(1) to discuss contracts as premature general public knowledge would clearly place CVFiber at a substantial disadvantage

MOTION (David Mannix, second Sybil Schlesinger)

Move to invite committee members and staff and others present whose information is needed under 1 VSA 313(b): Bonnie Batchelder, Jennille Smith, and Laurie Beth Putnam.

Enter Executive Session: 6:55pm

Exit Executive Session: 7:11pm

No action taken.

Other Business

- None

Adjourned at 7:11pm

Respectfully submitted,
Jeremy Matt, Clerk