

MSA Finance Committee Meeting Minutes

October 2023 Finance Committee Meeting Minutes

Monday, October 16th, 2023

4:15 PM

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

Finance Committee

Committee Members: Isaac Leonhardi- Board Treasurer, Randy Vetsch- Executive Director, Kate Hinton- HS Principal, Shauni Holt- Business Assistant, Dustin Reeves- Contracted Business Manager (*absent*), Wendell Sletten - Teacher/Board, Noah Langseth - Teacher, Jaidev Balchandani- Parent, Courtenay Dugas- Parent, Jennifer Stieve- Parent, Yohannes Ghebru- Parent, Alicia Lerum- Parent

Members Present:

Isaac Leonhardi	Chair of Committee, BOD Treasurer	Present
Wendell Sletten	Board Member, Teacher	Present
Randy Vetsch	Administration	Present
Kate Hinton	Administration	Absent
Justin Gehring	Staff/Parent	Present
Jaidev Balchandani	Parent	Absent
Courtenay Dugas	Parent	Present
Jennifer Stieve	Parent	Present
Yohannes Ghebru	Parent	Absent
Alicia Lerum	Parent	Present
Noah Langseth	Teacher	Present

Agenda:

- 1. Introductions (Leonhardi)**
 - Introductions of committee members.
- 2. Finance Reports/ Current Year Financials (Vetsch)**
 - *Contracted representatives unavailable for this meeting due to personal emergencies.*

MSA Finance Committee Meeting Minutes

- Original proposed and approved budget for fiscal 23/24 budget was for an ADM of 598. Current working ADM is 573. Anticipated PSEO projection in the planned budget does not match what the current working budget ADM is.
- Current working budget anticipates a deficit of **\$152,268**:
 - i. Vetsch identified the major causes of the deficit from the original approved budget as the following:
 - 1. Salaries increased \$140k- per Vetsch from last fiscal year
 - 2. School benefits raised due to increased staff count and participation in benefits
 - a. Reaching out to brokers for information on why the premiums look higher, as the school chose a lower cost plan.
 - 3. Major causes of this were moving to block scheduling platforms and an increase in staff to support this;
 - 4. PSEO number was higher than originally budgeted for.
- Historically, MSA enrollment has been on target, per Vetsch. This year's deficit is due to the PSEO numbers being higher than planned in the original budget for 23/24:
 - i. PSEO reporting transitioned from the MARSS coordinator to the High School Guidance Counselor, per Vetsch;
 - ii. Historical trends show that 50-60% of juniors and seniors should not be accounted for in our ADM due to PSEO status. In the proposed and approved 23/24 budget 33% of juniors seniors were projected to participate in PSEO leading to our current deficit. This was partially offset due to the 9 additional students enrolling in grades 6-10. The total difference between the projected ADM and the working ADM is 25 students.
 - iii. Questions raised on what type of data/formulas were utilized for calculating the PSEO numbers. Vetsch stated that this information was provided by the High School Principal, and High School Guidance Counselor;
Vetsch stated that they had projected 66 in the budget from these conversations.
- Wait lists are predominantly for middle school. Due to our graduation requirements being higher than some other high schools, adding students to 10th/11th grade may not allow them to be on track to graduate.
- **103 projected cash days; debt service is 0.81 (due to the deficit).**
 - 1. **August cash on hand showed 116 and debt service of 1.06.**
 - a. *The MSA team will need to contact a Creative Planning representative on if this has historically happened and what types of repercussions this may impose for the school, as an answer was unable to be obtained tonight.*
- Holt presented on the Supplemental Report and explained the negative funds:

MSA Finance Committee Meeting Minutes

- i. Negative funds in Prom (deposit), NHS (chapter fee), Theater (licensing) are anticipated to balance as student fees come through. The negative is caused by fees paid in advance;
- ii. Question on Athletic Account funds and what they were allocated for:
 1. Athletic Account funds are received from “gate admissions” from ticket sales from Athletic events. 50% of the ticket cost goes to the team, and 50% goes to the Athletic Account. The Athletic Account pays for items such as the MSHSL dues, banners for the gym, and items used by multiple athletic teams versus a single team.

3. Financial Plan (Vetsch)

Vetsch presented a plan that they made to assist in lowering the deficit:

- o Approximately \$42,000 in the Emergency Connectivity Fund grant that was applied for in May 2022 was approved and will arrive at a date to be determined. This will cover the purchase of student tech devices from this year and fiscal 22/23;
- o \$170,000 lease paid reimbursement from the state that came in from July 2023 (this amount potentially was added to fund balance for 22/23);
- o When looking at line items, there is not a lot of excess from the report that we can work with- Vetsch is looking at some and what types of revisions that can be made. Not a lot of wiggle room/stop spending that are not critical items:
 - i. Curriculum items that we already have/may not be needed or necessary;
- o Employee Retention Credit (ERC) is coming later in the fiscal year; *anticipated funds will be \$643,889.44*
- o With looking at expansion every dollar in the general budget fund matters, as this helps with bonding rates.

Discussion:

Based on projections from previous years the 11th grade did not come out “right”.

Concern that the PSEO/grade levels and ADM were inaccurate and not adjusted when the budget was written.

Moving Forward/What do we lose:

Discussion:

The Finance Committee explored options on whether to propose to the BOD that a new, properly adjusted budget with working ADM numbers and income coming in from the tech funds, or to “wait and see” the final outcome of the budget. At September month end, the school is 25% through the fiscal year. Questions arose on whether this has happened historically at MSA, or other charter schools, and how it was managed; this question will be submitted to Creative Planning. Discussion also occurred on how we prevent this from occurring moving forward.

- Concern of whether the BOD will want the budget redone to bring the deficit “back to zero,” or if the BOD will want to “wait and see;”
- Limiting spending and “unnecessary” spending throughout the year. Concerns brought forth on what will be defined as unnecessary and what will define the equity based on what is already spent;

MSA Finance Committee Meeting Minutes

- At the October BOD meeting, the committee acknowledged that the Finances will need to be approved;
- List expected revenues brought to the BOD:
 - ERC grant (concerns brought forth that this grant has been promised to staff that it will be utilized to invest in the employee pay scales to aid in retention and pay equity);
 - Emergency Connectivity Fund Grant.
- Prevention:
 - Possibility of running numbers/formulas on historical data for PSEO numbers to compare data and trends for PSEO numbers;
 - Create plans for advisory classes to start asking questions on who is taking PSEO courses;
 - Involve the MARSS Coordinator to the Budget process going forward;
 - MSA sends a letter yearly to survey families if they are returning. Suggestion to add a question of “do you plan to take PSEO courses” to this letter.

Recommendation from the Finance Committee

Recommendation to monitor the budget until January with the knowledge that we are receiving two grants and a plan to better forecast for next year so that we do not have a repeat of the current situation.

4. Audit Update (Vetsch/ Reeves)

- Audit will occur October 23rd-27th. Will be presented to the BOD most likely in December.

5. Expansion (Vetsch)

- Expansion is a moving target with information that can/does change frequently;
- \$200 per square foot cost construction firm cost;
- Vetsch presented a document to support a plan with 1,850 students ADM assumption- 1,400 on the new site. 450 elementary students at the current site (8430/8460 Woodbury Crossing) due to owning the facilities. Almost shy of \$40 million according to bonding;
- Plan is beginning of the calendar year (January, 2024) is to go to bond and purchase property identified.

6. Technology Grants (Gehring/ Holt)

- MSA was approved for the Emergency Connectivity Fund grant that was applied for in May of 2022. Due to recommendation from Creative Planning, these funds are not on our balance sheet due to not being received. Will reach out to the grant advisor for an update on anticipated funding release date.
- Grant will cover student technology devices purchased in fiscal 22/23, 23/24, and Gehring is working to purchase tech devices for 24/25 with the remainder of the grant money.

7. Fundraising/ AFC Committee (Vetsch/ Gehring)

- Give to Max is one month away. Students are welcome to join the AFC Committee. Currently, there is one student member on the committee.
- Fundraising goal of \$60k for Give to Max.

MSA Finance Committee Meeting Minutes

Next meeting will be Monday November 13th or Monday November 20th at 4:15pm based on Creative Planning availability. An invitation will be sent out once availability is confirmed. As a reminder, meetings are in person.

Meeting adjourned at 5:43pm.