

## Finance Committee Notes

February, 14, 2022

5pm in room 5C and via Zoom

Members: Cody S, Sandi O, Brittany S, Lisa A, Cecelia D, Kate H, ~~Dustin R~~, Guest: Mary Y.

### 1. Budget Updates (DR)

#### **Current Target % = 58%**

#### **Current Revenues = 56.6%.**

Federal revenues are lagging due to the timing of Federal Draws from SERVS Financial. These will be caught up in the next 1-2 months. State and Federal revenues are both on target with working budget targets.

#### **Current Expenditures = 51.0%**

Total overall expenditures are under the current year target % with an opportunity to move expenditures into the COVID Budget(s) as needed. Anticipating ending the year with a more positive affect than what the current Working Budget Projects.

**Working Budget:** Dustin and Jenny with BergankDV spoke on the morning of February 14<sup>th</sup>. We are recommending a preliminary review of the Working Budget in February at the board level, with a deeper review of the working budget to be prepared for the March board meeting. We recommend (and will be working toward) getting the working budget less than the current projection so that we can try to get our Debt Service Coverage ratio back up to 1.00 prior to Board Approval.

#### **Other key indicators:**

- Average Daily Membership (ADM) Overview –
  - Original Budget: 507 ADM
  - Revised Budget: 507 ADM
  - Working Budget: 497 ADM
  - Actual: 497.46 ADM
- The School's revised budgeted deficit for the year is \$(129,732). A projected cumulative fund. A balance of \$2,180,876 or 34.46% of expenditures is anticipated at fiscal year-end.
- The School's working budgeted deficit for the year is (\$65,832). A projected cumulative fund. A balance of \$2,275,267 or 38.18% of expenditures is anticipated at fiscal year-end.
- Projected Days Cash on for the projected fiscal year-end is 125 Days. Above 60 days meets minimum bond covenants.
- Projected Debt Service Coverage Ratio at fiscal year-end is 0.96. Above 1.00 meets minimum bond covenants so long as 60 days or more of days cash on hand is achieved.

### Financial Statement Key Points

- As of month-end, 58% of the fiscal year was completed.
- Cash balance as of the reporting period is \$2,362,868 which includes \$992,623 of funds that are required to maintain the Days Cash on Hand requirement for bonding.
- Revenues received at the end of the reporting period are reflected at 56.6% of the working budget.
- Expenditures disbursed as of the end of the reporting period are reflected 51.1% of the working budget.

### Other Items

- The working budget has been updated to reflect changes to staffing based on current contracts for Fiscal Year 2022, as well as changes to several categories based on year-to-date activity.
- Salaries and Benefits payables have begun to accrue as of the September financial statements for summer accruals, and those will be reflected in the statements under Salaries and Benefits lines. The current balance is estimated to be \$150,394 in contracts and salaries that will be paid in July and August of 2022.
- Title I and Title II applications are submitted and in Funded and Active Status with the Minnesota Department of Education. These funds may be expended and drawn to support cash flow.
- Federal Special Education applications were submitted and approved by the Minnesota Department of Education.

### Dashboard

- Should we include the fund balance line on the chart for the Fund Balance and Bond Covenant History? Even though we are above it, it might be good to see how far/close we are to the line?

### Balance Sheet

- Revenues and expenses are growing at the same rate.
- Prior year receivables have all been caught up from last year, but the state is not up to date on this year's receivables.
- Contracted services have paid out 83% already this year? And no one knew what this covered? We speculated that it included the cost of the investigations?
- The Technology line item remains high because much of that is paid at the beginning of the year for subscriptions
- Fund balance is projected to be 38%
- Deficit \$65,800

### Supplemental

- The question was how do clubs get money? And can we provide money in the budget for them for supplies? Something like \$50 or \$100?

- Answer:
  - All activities have to fundraise
  - Activities are a line item in the budget, but supposedly that is only for advisors and coaches.
- But there is a separate line item for advisors and coaches? And another one for clubs?
- So no one knows if clubs are supposed to get any funds from the school or not?
- What about the Class of 22? How will graduation be funded?
  - We don't have a good answer for you because of Covid.
  - Class of 21 and 20 could be rolled over to 2022.
  - Concessions for the BB sections could be used for graduation. Kate will reach out the the advisory. Although no one knew who the advisor was? Maybe Bukkila?
  - Discussion about how to do concessions, parents donate products (except popcorn) and the group makes profits
  - There was also a talk about a Spring Formal dance?
- No information about concessions for the One Acts yet? And that is this weekend February 18-19?
- If fully staffed, where would we be right now compared to last year?
  - Working budget is based on current hires, and is a little below 58% because of how salaries are paid out. PTO isn't until the end of year.
- Credit card under Ken should be closed before the next meeting.

## **2. Covid spending (CD)**

- We really should hire a Psychologist/Social worker for the next year or two to help students.
- The administration will look in to spending some of the money on Curriculum Development for past (Emergency) Distance Learning. Maybe every teacher could get 3-5 hours at a certain pay for Curriculum Development for January
- The administration will look in to spending some of the money on Curriculum Development for future plans

## **3. Preliminary budget, 2022-23 (DR/CD/CS)**

- Provided with Board documents for first review.
- 567 enrollments numbers 517 ADM
- State revenues based on 2% return right now, although the government is looking at making it 4%, but we are basing on budget on the conservative 2% number.
  - Total revenues 6 million (that excludes Covid money)
  - Assuming Inflation of salaries at 2%
  - Assuming inflation of other costs at 2.2%
  - Budget contingency include \$20,000 for new director to address additional items

- Question: Student Activities - There is a line item which is different from Extracurricular stipends. So what is the difference between these two line items? We need to ask Dustin
- Surplus: 39K
- How can we retain teachers here? Can there be a retaining bonus, like there was a hiring bonus for the new hires?
  - There isn't extra money for this year.
  - If the 2% grows, then we could consider the extra money to pay a retaining bonus for next year.
  - \$10,000 (from the Covid) can only go for the teacher stipends.
  - Steps and Lane Salary Schedule will not be changed until next year, because it is a two year schedule.

#### **4. Expansion, enrollment projections (DR/CD/CS)**

- BerganKDV has drafted a projection of what these budgets will look like in future years.
  - Note that only enrollments are updated at this time. No additional expenditures have been noted, but will be reviewed as we further budget discussions.
  - Timeline for Expansion (to be voted on at the next BOD meeting) plan to be in a new building by 24-25
  - Surplus of \$259,439 in two years (and this includes teacher salaries already) with the additional cohorts added over the next two years
  - In 22-23, there will be a surplus of \$94,000 including the two extra teachers and one additional teacher from Covid spending, the Covid money lasts only for 1 year, but because we will add another cohort the following year, that would take the place of the covid funding.
  - When figuring out the schedule for next year, how will we be able to handle all of the small increases? Like 1 additional section in History, Spanish, Science, Math, Freshman Seminar, Health/PE and other sections?
    - Some overloads will be possible.

- But we will have some classes that have smaller numbers, so teachers could be shuffled around.
- Question: Have the department plans for their classes and who wants to teach what, already been accounted for, within this schedule?
  - Yes, we have taken all of those requests into account, when figuring all of this out.
- 11 students pay for 1 teacher
- This plan maintains a 20:1 ratio
- Projections are done in adding cohorts of 22 per year

#### **5. Activities/clubs fund “Carryover Letter”**

- The Administration will make sure that all advisors and coaches get a copy of it, so they know their funds will not carry over this year.
- It is a law that the funds cannot carry over, however, it was just because of Covid that they were allowed to last year.