

**MINUTES  
VSWEA BOARD OF DIRECTORS  
PROPOSED BUDGET APPROVAL MEETING  
WEDNESDAY JUNE 24, 2020  
VIA ZOOM**

<https://us02web.zoom.us/j/89263364247?pwd=MnVweUxHdGhVZUIwZIZoK1gyaWILQT09>

**MEMBERS PRESENT:**

Matthew Walker – President (M.W.)	John Tanner (J.T.)
John Elling – Treasurer (J.E.)	April Sauer (A.S.)
Gregory Schneider – Secretary (G.S.)	Nathaniel Allen (N.A.)

**MEMBERS ABSENT: None**

The President, Treasurer, and Secretary were present and a quorum was reached.

**GUESTS**

Invitees of the Board:

- Christie Kriegsfeld (C.K.)
- Priscilla Garza (P.G.)

Members of the public present via Zoom/Registration through Google Forms:

- Barb Cunningham
- Iulia Nichols
- kz
- Laura Heaney
- Michelle Kratzer
- Harper Rose
- Jennifer Walker
- Jill
- JJ
- Dan Franks
- Debbie Allen
- Miss Schleigh
- Heather Sullivan
- Sarah Williamson

**OPENING VERSE**

Meeting was called to order at 6:35 p.m.

**INTRODUCTIONS**

Board Members introduced themselves and review of meeting procedure occurred.

## **BOARD PROCEDURES**

### Approval of Minutes

M.W. – move to approve minutes of 6/17/2020 meeting, N.A. second. No further discussion.  
Yea: M.W., J.E., J.T., N.A., A.S. / No: -- / Abstain: G.S. **Motion passes.**

## **BUDGET AND FINANCE**

### Phone System

N.A. – Reports that he has been investigating the issue and would like to table this until he has had a chance to speak with the proposed vendor about more of the details.

M.W. – Asked if anyone objected to tabling.

J.T. – Asked for clarification regarding whether individuals are still able to call the school and make contact with someone.

C.K. – Confirmed it was possible through call-forwarding provided through Cox.

A.S. – Questioned whether it would be possible to approve the quote now in the event N.A.'s investigation confirms the accuracy of the quote.

J.E. – Questioned how we would pay for this bill, and what is actually wrong with the phone system.

C.K. – Clarified that the phones themselves are fine, but that a piece of hardware that connects the phones may be failing.

N.A. – Added further clarification that the quote seems high based on the equipment quoted, although the vendor is saying they are being conservative.

G.S. – Expressed concern about not getting additional, alternative quotes, and about the non-itemized amounts for labor.

### Budget For FY2020–2021

M.W. – Explained the timeline for examining and approving the proposed and final budgets. Generally, we will discuss the proposed budget this evening, then vote to approve it. Then it will be posted online publicly. We anticipate getting feedback on that proposal. We will then vote to approve a final budget at the next board meeting on July 8. The hope is to have a balanced budget.

J.E. – Invited discussion of each line item (that is publicly discussable) to move through the budget.

A.S. – Asked for clarification regarding the budget/emails sent earlier in the week.

J.E. – Questioned whether enrollment was still correct for private kindergarten.

P.G., C.K. – Confirmed that the enrollment was still correct.  
Discussion ensued regarding income items on the budget and likelihood of changes on those items.

Discussion ensued regarding specific expenses items on the budget (excluding confidential matters such as employee benefits and salaries, which will be discussed in executive session).

M.W. – Asked about the \$30,000 set for professional development in light of last year's spend of \$625.10.

C.K. – Explained the importance of investing in the faculty and having those funds available, and that there will be a new method of making those funds available to faculty on a case-by-case basis.

G.S. – Questioned the need for \$15,000 in allocation for legal services when last year's spend was ~\$4,100. Consensus reached to reduce budget amount to \$5,000.

J.E. – Questioned the expenses for Copier Lease and Communication expenses, what is included in those amounts, and how they are calculated.

C.K. and P.G. – explained that state reporting requirements require copiers and internet expenses to be reported in certain ways, which is why there is some overlap in these line items. We negotiated a package deal with these vendors, but for purposes of the budget we have to break out the expenses across a couple different line items.

M.W., G.S., C.K., A.S., and P.G. discussed the cleaning expenses and supplies.

M.W. questioned why there is no expense for payroll clearing in the proposed budget.

P.G. reported that is an issue that is currently being researched.

C.K. reported that she did not believe the school would actually spend \$50,000 in general supplies.

Discussion ensued between M.W., J.T., and C.K. regarding what amount would be a more accurate estimate.

M.W. asked for an explanation for the difference between the P&L budget versus balance sheet, capital expenditures, and cash flow.

P.G. explained that the depreciation expense category shows the outlays for items like repairs and unexpected significant expenses.

APPROVED 7/9/2020

G.S. questioned how the depreciation expense was calculated and whether there was wiggle room to adjust that number, and its utility.

P.G. was disconnected from the meeting at approximately 8:15 p.m.

While waiting for P.G. to return, discussion with M.W., N.A., and A.S. ensued regarding the status of fundraising and its ability to create (or impact) a capital expenditure line item in the budget.

Discussion was saved for executive session regarding salaries and benefits.

M.W. – Gave background regarding an issue relating to payroll that has arisen in recent weeks.

C.K. – An internal audit of payroll was conducted that uncovered a discrepancy in pay to employees. It found some were underpaid, while most were overpaid. School has taken steps to correct the error and ensure it will not happen again. The impacted employees have been notified and school is working on a plan to reduce the impact of correcting the error. It's good that we discovered the issue now, because if the school auditor had found it later on, it would have created a negative finding on the audit that would impact the school's funding for the following year. On the issue of the audit from last year, the auditor noted that teacher contracts did not coincide with the schedule for teacher work – paying contracts from August of one year through August of the next. Essentially, the school has historically been finishing paying one contract while it simultaneously starts paying on the next year's contract, creating a big impact on cash flow. We are changing the way contracts are structured to address this issue so they align with the school's fiscal year.

M.W. – Thanked C.K. for the background, and noted that it is unfortunate that this has occurred.

P.G. returned to the call at approximately 8:29 p.m.

G.S. – Asked P.G. about the depreciation expense and ability to reduce it for purposes of the budget down to \$150,000, the approximate actual spend of the last year.

P.G. – Confirmed that would be a fair adjustment to make.

M.W. – Proposed looking at the budget again in October 2020 and creating a new forecast to adjust to the reality of our experience.

P.G. – Confirmed that is a practice many do and it is feasible to do consistent with state requirements.

M.W., N.A., and P.G. discussed how to account for a proposed capital expenditure of \$25k consistent with state reporting requirements.

N.A. – Asked the current discrepancy from a balanced budget at this point in the evening.

P.G. – Reported that we are over budget by \$22,690 – slightly less than 1%.

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M.W. moved to enter executive session into executive session to discuss sensitive, employee-specific payroll matters relevant to the 20/21 fiscal year budget, and also to discuss recently discovered employee-specific issues with payroll. G.S. second. No further discussion. Unanimously in favor (M.W., G.S., A.S., J.T., J.E., N.A.) **Motion passes.**

Executive session began at 8:49 p.m.

### **EXECUTIVE SESSION**

The minutes of executive session are kept in a separate, confidential document.

Executive session ended 12:01 a.m.

M.W. moves to address and resolve the employee-specific issues and also solve other existing accounting difficulties by aligning teacher contracts to the school's fiscal year starting with fiscal year 2020-2021. G.S. seconds the motion. No further discussion. Unanimous in favor (J.E., G.S., M.W., A.S., J.T., N.A.). **Motion passes.**

M.W. moves to approve the proposed budget for FY2020-2021 according to the comments and changes made during the public session and executive session during tonight's meeting. N.A. seconds the motion. No further discussion. Unanimous in favor (J.E., G.S., M.W., A.S., J.T., N.A.). **Motion passes.**

### **CLOSING VERSE**

M.W. – move to adjourn, A.S. second. No discussion. Vote: Unanimous (J.E., G.S., M.W., A.S., J.T., N.A.). **Motion passes.**

Meeting was adjourned at 12:06 a.m.

Prepared by G.S. on 6/24/2020.