

**Mallard Creek and
Southwest Charlotte STEM Academy
Board of Directors Meeting
June 27th, 2024, at 6pm
Via Zoom**

Present: Deanna Smith, Shekeria Barnes, Leo Roebuck, Shelly Domenech, Tasia Colbert,
Also Present: Jeremy Thompson, Krystle McKnight, Teddy McIlwain,
Absent: Jose Garcia

6:09 The meeting is called to order.

6:13 Approval of the Minutes from the May meeting

Minutes were reviewed. Changes regarding some misspellings in the May minutes were corrected. Leo made a motion to approve the minutes, and the motion was seconded by Tasia. No further discussion and the motion passed unanimously.

6:13 Public Comment NONE

6:15 Principal Reports:

SCSA Report: Ms. Barnes shared information about Summer Camp. SCSA is serving 125 students grades 3-8 for academic remediation. Camp has gone exceptionally well, and SCSA still has students coming this week to retest for EOG assessments. After the retakes we will get formal feedback from the state to review growth and proficiency scores.

We are looking extraordinarily strong with enrolment next year. We have nearly 700 students returning and over 250 new students enrolled with a very healthy waiting list. We will continue to enroll some families as needed but we are on a waitlist right now in most grade levels already.

BOARD QUESTION:

Do we have enough classrooms to serve the increase ? Do we have enough room for the large 6th grade students?

Answer: Yes, we have enough room in the building, and we have outfitted new classrooms for the additional students.

BOARD QUESTION: Do we have enough staff?

Answer: Yes, we have added staffing to meet the needs of new students. We have added 3 new core teachers and 2 additional elective students.

MCSA Report: Ms. Smith reports that MCSA is also running an extraordinarily strong summer camp with over 214 students in attendance (244 test retakes) They are in the middle of the testing week and 92 students are taking exams today. MCSA had a great career accelerator program for the 5th-8th graders and implemented a special Drone program. In fact, they will be able to bring this new drone curriculum into the School during the year and are excited about it.

BOARD QUESTION: What happens to students who did not pass the test the 2nd time around? Do they have another opportunity?

ANSWER: No- only the 3rd grade students who did not pass the exam will have an opportunity to retest in the fall under the guidelines of the RTA legislation. The rest of the data will be used to plan for instruction and remediation during MTSS and tutoring camps.

Enrollment: We over enroll purposefully and right now we have 1108 students enrolled to protect the enrollment goal of 950 students. The building is also getting work done for the facility with paint and upgrades to the security and safety systems. MCSA also received positive feedback from the Cognia reviews and expects to receive a full recommendation for accreditation and certification. The board meeting is this week, and we will be able to publish it widely in the near future.

BOARD QUESTION: Are teachers doing any professional development this summer?

ANSWER: No- admin are taking a number of PD sessions and will be ready to assist and train the staff. Teachers are getting a much-deserved time off for the summer.

BOARD QUESTION: Is the Cognia review related to the new teacher evaluation tool you spoke about last month?

ANSWER: Yes- Ms. Smith responded that Cognia offers many tools to use for ongoing improvement and aligned tools. We are going to be going to a training in the NC charter conference to learn about the transition for the new tool and will bring it back to the board in the fall.

6:30 Financial Review and Review of SY 24-25 Budgets for approval

Reviewing the May financials for each school and then the early-bird budget for next year.

SCSA: The school is showing a positive cash balance as expected with extremely low expenses pending about \$150,000. Last month the school had just under \$4mm and now the school has a positive net position close to \$5mm. At the end of 11 months the school earned almost all the money expected (just under \$10mm). The School received 100% of state revenue and the school has classified all the correct expenses so none of the funds are forfeited. We received some additional grant funds, so we exceeded that budget item, and we are earning a good amount of interest on our cash surplus by earning an interest increase as well.

Moving to expenses, we have spent close the 100% threshold especially in salaries and benefits. Books and supplies are expended early on the year. The only area that jumps out as above budget is insurance which we spoke about in the past. The current \$1mm surplus will not last as we are relying on local revenue for June and the surplus will come back down to our target amount of \$500,000.

BOARD QUESTION: On the state revenue we see about \$8000 remaining?

ANSWER: These remaining funds are a result from a rounding issue in the formula, but it is related to the decimal points in the formula. We will end with 100% revenue earned and 100% expenses completed.

MCSA: Mallard is a few years older, so its financials are a bit more mature and has had more years to collect more assets. Its asset position is about \$2mm higher than SCSA due to its being 3 years older. Similar to SCSA, its asset position has improved by \$1mm to date. Most if that is in cash and they are carrying little in expenses. The value of the program is nearing \$7mm. We earned more money in state revenues (\$70k) because the school had 10 more students than originally budgeted. We also earned more revenue in interest as well and additional funds in the federal pass throughs. As far as expenses go, we are seeing all the correct numbers and percentages related to expenditure and where we needed to be. We are seeing over budget in

admin services and nutrition. This is because the school has to complete reconciling some of the expenses owed to them by SCSA. You will see this naturally shift in the next board report. This year the School's nutrition program earned an exorbitant amount of revenue. MCSA is also sitting on about \$1mm in surplus so there is only positive news to share.

BOARD QUESTION: Are expenses shared based on school populations?

ANSWER: The schools are in a 50/50 split for shared staff because the work at both schools an equal amount.

EARLY BIRD BUDGETS:

SCSA: A full review of all line items, school operating expenses, contracted services were shared.

The good news is that for several years, these documents have been consistent and easy to read for the board as they flow the same as all the monthly reports the board sees. Looking at the budget for next year as a side by side with this year to reflect the changes. Revenues expected are \$10.6mm. The most interesting thing is the "other state funds." In this case they represent the state portion of the exceptional ed program. SCSA has had a lull in staffing this program but the needs have shrunk a bit so you can see the decrease in funding expected for next year. Budget is based on the current population. The federal pass through is also decreasing and it is due to the end of COVID funds. There is no more ESSER money. It is important because schools in the nation are facing choices of cutting those programs paid for with COVID funds or continuing them using operational funds. Other sources have increased a bit (Title 1), but we will be making shifts back into general funds to maintain these programs. Overall, we are expecting a modest increase in revenue next year. As always, the largest expense category is in salaries. The School is expecting an increase in salaries due to additional staffing of teachers, electives, and intervention programs. Of note, the School will no longer be outsourcing our special education services and will be housing our own school psychologist, speech pathologist and occupational therapist.

BOARD QUESTION: Do we expect better or worse services by in housing all the EC program services?

ANSWER: We expect to see the service levels increase because we have the opportunity to grow and train staff and keep them entrenched in the culture and students. Vendors can also change providers at times, so we expect continuity with our "own" staff.

The second largest expense is in the facility. Of note, the School's debt service (mortgage rate) is currently below market and is able to provide so much more for students by the strong financing we set up 5 years ago. Our low interest rates helped us grow the school. Bottom line: We have \$200k in contingency items and we still expect a total \$500,000 surplus and our bond covenant ratio coverage is 1.7.

MCSA: similar full review of each line item.

Mallard is sitting on so much cash that it is earning almost \$200,000 in interest which is great for the school. We are expecting the school will be eligible for increased funds in Title 1 funding based on the community eligibility program. The school is also seeing a large influx of revenue from the café program. Built into the increase is a conservative 2% increase expected in the per pupil funding. MCSA has a larger salary component largely due to the fact that it has 3 buildings and requires some duplicative positions due to the facility itself. The cost of benefits is projected to be a bit lower, without any reduction in benefits or services. The cost of construction was

lower when it was built, and they have a slightly lower interest rate which helps manage the annual debt service. Of note, the cost of utilities has increased more than expected at MCSA due to local changes in charges for water and sewer and there is no way around that. These are costs we cannot control. The contingency line item in MCSA is a bit lower because they run a bit leaner in its projected surplus and the debt service coverage ratio is a 1.5 and it is a bit higher.

BOARD QUESTION: Have we been able to lower the cost of insurances that we discussed?

ANSWER: Yes, we have been able to go out to market and get new quotes for insurances from other vendors as directed by the board. We have let go of a vendor we had for 14 years, and we are able to get new rates and save 27% on the insurance. However, insurances rates have increased nationally. Our realized savings are almost 36% net difference by going out into the market and not taking the increase we would have been hit with. So, the Schools will actualize a 27% net savings!

Kellen made a motion to approve both the MCSA and SCSA budgets. Leo seconded the motion. There were no other questions and Kellen called a vote. The motion passed unanimously.

Kellen made the motion to adjourn. The motion was seconded by Tasia and the motion passed unanimously.

7:27 The meeting was adjourned.