

## Ocean Charter Finance Committee Meeting minutes

January 31, 2023

Committee members in attendance: Stephanie Edwards, Tammy Stanton, Kristy Mack-Fett, Debbie Tripp, Amanda Ferry

Committee members absent: Dan Wierzba

Community Member in attendance: Ayanthy Peris, ExED, Maryangee Cano, Ocean Charter School, Jennifer Jacobus, OCS Board Member

**Called to order:** 5:34 pm

### **1. AB 361 Certifications**

- a. Stephanie Edwards read the certifications and called for a vote:
  - The OCS Board of Trustees has reconsidered the circumstances of the state of emergency.
  - The OCS Board of Trustees recognizes that local officials continue to impose or recommend measures to promote social distancing.
    - Kristy Macfett made the motion to approve the AB 361 Certification, and Debbie Tripp seconded the motion. Yes Vote –Stephanie Edwards, Amanda Ferry, Kristy MackFett, Tammy Stanton, Debbie Tripp. No Vote – None. Motion passes

### **2. Open Forum**

- a. Kristy flagged that March meeting will be in-person and the co-directors will look at possibly adjusting the finance committee meeting time

### **3. Meeting Minutes**

- a. Stephanie Edwards made the motion to approve the 11/29/22 finance committee meeting minutes, and Tammy Stanton seconded the motion. Yes Vote – Kristy Mack-Fett, Stephanie Edwards, Tammy Stanton, No Vote – None, Abstain – Amanda Ferry and Debbie Trip, Motion passes

### **4. Review and discussion of proposed language in response to the site audit report finding**

- a. Debbie Tripp made the motion to approve the proposed finding response, as drafted, and Stephanie Edwards seconded the motion. Yes Vote – Kristy Mack-Fett, Stephanie Edwards, Tammy Stanton, Amanda Ferry and Debbie Trip, No Vote – None Motion passes

### **5. Review current year financials**

- a. Dec 2022 financials were reviewed and discussed.
- b. Enrollment 562, which is 4 students more than budget; however, forecast assumes a conservative enrollment count of 558.
- c. Forecasted ADA is (9.06) below budget
- d. Forecasted operating net-income: \$417,136
  1. One-time funds: Prior-Year Hold Harmless ADA, Arts, Music & Block Grant, Learning Recovery Grant – discussion held by committee on the importance of leveraging these funds for one-time needs.

2. The December forecast does not assume the Gov's proposed current year (reduction to the Arts and Music grant) of 34%
- b. Fundraising Assumption increased to \$469K, which is \$108K greater than the board approved budget.
  1. Assumes Winter Faire Actuals
  2. Additional \$70K – miscellaneous fundraising amount – Gala will contribute to this amount. Directors to meet with Parent Collective to refine budget assumption
  3. Maryangee presented Annual Giving actuals. ~\$48K still to be collected to meet the \$250K annual goal.
- e. Debt Service Coverage Ratio: Forecast assumes 1.26 and requires a minimum EBITDA of \$582K.
  1. The December forecast indicates EBITDA of \$586K
  2. With potential reduction to Arts, Music Block Grant the 2<sup>nd</sup> interim forecast will assume a revenue reduction of (\$116K) or 34% of the one-time grant
- f. Forecasted Cash
  1. Operating \$994K which represents a 13.5% reserve and is not inclusive of the restricted facility project cash
  2. Facility Project Restricted cash \$384K
- g. Debt Balance Forecasted 06/30/22 Balance: \$11,183,053
  1. Facility Loan ~\$10M
  2. Prop 39 over-allocation ~\$1M

#### **6. Review and discussion of 3-year projection**

- a. Reviewed Debt Service Coverage ratio for out-years – meet requirement through 23-24
- b. COLA not yet updated from Gov's Jan proposal
- c. Expense COLA at 3%
- d. Salary Increase at 2%
- e. Current OCTA contract 3-yr term is through 23-24

#### **7. Presentation of overview of Governor's proposed budget, timeline, and impact of development of next year's budget**

- a. Ayanthy presented the School Services of CA Gov's Jan Budget proposal slide deck
  - a. State Budget precariously balanced
  - b. COLA 8.13%
  - c. UTK funding proposed. Discussed UTK delay on student teacher ratio. Gov's proposal does not include funding for the 20:1 class size reduction component – to keep ratio at 24:1 for 2023-24
  - d. Discussed the Gov's plan

#### **8. Review Grant Funding Sheet**

- a. Reviewed status of allocations by fiscal year(s) through 2028 for COVID and new block grant entitlements
- b. Only ELOP and Arts Music Block Grant remain in 23-24 budget plan – all other one-time revenue sources will have been exhausted by 06/30/23 or end of current academic year.

- c. Discussed preparation of 2 budget scenarios to have a plan should the 34% reduction take place to Arts Music Block Grant

**9. Adjourned meeting:** 6:59 pm