APPROVED

STEM School Highlands Ranch

Minutes

Board of Director's Meeting

Date and Time
Tuesday November 12, 2024 at 5:30 PM

Location
8920 Barrons Blvd
P-TECH Mechatronics Room
Highlands Ranch, CO 80129

Join from a PC, Mac, iPad, iPhone or Android device:
Please click this URL to join. https://zoom.us/j/96916599576?pwd=3FbC4D1oROtEaq1eZXVvPxwWnRc2lY.1
Passcode: 631204

Directors Present
C. Gustafson, D. Lomelino, E. Quigley, I. Kalra (remote), K. Reyna (remote), R. Lukez

Directors Absent
G. Shick, G. Wing, L. Davison

Directors who left before the meeting adjourned
K. Reyna

Ex Officio Members Present
M. Cartier

Guests Present

A. Westfall, Cortney Crouch, L. Kovalesky, Ryan Mehaffey

I. Opening Items

A. Record Attendance

B. Call the Meeting to Order

C. Gustafson called a meeting of the board of directors of STEM School Highlands Ranch to order on Tuesday Nov 12, 2024 at 5:47 PM.
Cortney Crouch and Ryan Mehaffey, financial consultants and members of Finance Committee, were present at the meeting.

C. Pledge of Allegiance

D. Reciting of the Mission Statement

E. Approval of Meeting Minutes for Special Meetings

C. Gustafson updated the Board that the meeting minutes for the Oct 8, 16, and 22 Meeting Minutes are still being finalized and suggested tabling the approval to the December meeting.

II. Approve Meeting Minutes

A. Approve Minutes

D. Lomelino made a motion to table vote on approval of Special meetings 10/8, 10/16, and 10/22.
R. Lukez seconded the motion.
The board **VOTED** to approve the motion.
R. Lukez made a motion to approve the minutes from Board of Director's Meeting on 10-01-24.
E. Quigley seconded the motion.
The board **VOTED** to approve the motion.

B. Approve Minutes

Motion to approve the minutes from Board Meeting - Special Session on 10-08-24.
The motion did not carry.

C. Approve Minutes

Motion to approve the minutes from Board Meeting - Special Meeting on 10-16-24.
The motion did not carry.

D.

Approve Minutes

Motion to approve the minutes from Board Meeting - Special Session on 10-22-24.
The motion did not carry.

III. STEM School Highlands Ranch Updates

A. Oct Count, Enrollment update, and 24/25 Calendar Update

Enrollment was initially projected at 1375 for school year budgeting. The October count results confirmed an increase to 1400 students.
STEM held a Prospective Spartan open house evening, ahead of DCSD open enrollment for next school year. Presentation reports total of 201 forecasted new students through open enrollment requests. As of Nov 12th, latest information from DCSD is reporting 301 forecasted new students through open enrollment for 25/26 school year.

B. 25/26 School Calendar Update

R. Lukez made a motion to approve the proposed update to the 2025/26 calendar to add 2 Professional Development days for Elementary only.
D. Lomelino seconded the motion.
The board **VOTED** to approve the motion.

IV. KOSON Schools

A. Board Strategy Implications related to CIO Update

No updates for this month.

B. 23/24 Financial Audit Report Presentation and Q&A

Jim Hinkle and Ariel Fuqua from Hinkle and Company presented the results of the 2023/2024 Audit. Ariel Fuqua was the primary auditor.
Audit process - Review internal structures to ensure the segregation of duties, check for significant deficiencies, or material weaknesses. They then complete assessment of Audit Risk- compare current year to prior year, current year to budget.

Audit result - "unmodified opinion" which is a positive clean audit result. With the change in personnel, the business office put in extra effort finding information, but there were no concerns. Mr. Hinkle commended the staff with their transparency, significant effort supporting the audit, and that they were able to meet all the reporting deadlines. There was one Journal Entry to note that the end of the fiscal year changed to June 30th. With respect to the financial statement, there were no major changes.

Mr. Hinkle noted that the pension liability went up because of the assumptions used by PERA in respect to inflation and cost of living returns. Overall the totals balanced out. PERA has secured contribution rate for the next 2 years.

Erin noted that there is big difference between instruction vs supporting services from 2023 to 2024, it almost doubled, see pdf sheet 9. Cortney explained that it has a lot more to do with how expenses were being booked and not that there is an actual increase in support vs instruction services. The new way of accounting aligns the costs to more specific and appropriate codes.

When you look at the expenses, does it match up to what expenses should be for charters? It should be flipped, so that instruction is over 50%, This is probably also because of accounting recording changes.

Cortney also pointed out that pdf sheet 16 shows more of the cash in vs cash out, including depreciation.

It was asked when will we know more accurately, instruction vs. support? The Finance team can provide that information to the board.

C. 24/25 Budget Update Presentation

Ryan presented the budget update process recap for Phase 1- Phase 4.
Phase 5 is the next step - which will be handed off to the new CFO that is expected to be on board very soon.

Where we sit now- GAAP And Department level system. We can pull year to date actuals at any point. We have integrated the financials into the rest of the school.

Rudy: are we in a good place to move forward with our software? Cortney- Quickbooks online is quite limited. Moving forward, she recommend a switch over to the enterprise version of Quickbooks. This could be a summer project that is completed fairly quickly over that time because Cortney already has a budgeting framework ready for that future transition.

Matt pointed out that the updated budget system will allow us to be scalable and use for replication, both from an accounting system and leadership standpoint. With the new system, department leaders are engaged, able to set and achieve goals, and be held accountable.
Cortney went over the 2024 - 2025 ADOPTED BUDGET from December- showed the board how to submit the appropriation resolutions if we should choose to budget more than we are taking in. and how CDE wants us to submit the information.

What are the 5 numbers that we need to see every month

1-Salaries and benefits as a function of YTD PPR
2- Administrative Salaries
3- Instructional Salaries
4- Current projected debt service coverage ratio
5- current days cash on hand
The proposed budget for 2024/25 includes a request to use $1.5M in reserves for capital improvement. More detail on the proposed capital projects will be provided to the Board before the vote on the proposed budget in a future meeting.
STEM has $5M worth of capital improvement that have been on our wish list since 2018. The request for 24/25 is to use $1.5M in reserves to spend on priority capital improvements by July 2025. The proposed budget did not factor in 5A passing, so that will provide additional funds for capital improvements.
Cortney provided background on Fund 43 designation which can set aside money that could be used with BOD resolution/approval.
Question - Have you looked into the CDE Capital improvement bonds? Other options are BEST Grants for playground funds.
Question - Knowing that we are looking at growth opportunities in the short term, will we still have adequate reserves to support those opportunities? It was clarified that there are grant applications and funding available to support new schools. The priority is to focus on needed improvements/upgrades to STEM HR, while ensuring we maintain adequate reserves.

V. Board Committee Updates

A. CIO Support and Evaluation

Key dates-
Nov 22- CIO will share his mid year reflection
Dec 2nd- BOD members will have read reflection and will share notes
Dec 3rd- BOD Meeting and discussion
Mid Dec- CIO Support & Evaluation committee will meet to discuss feedback with CIO and prepare review

B. Governance Committee

Board on Track assessment provides feedback on Board structure, capability, and effectiveness
Results showed continued improvement in board effectiveness. Presentation highlighted strengths and focus areas to work on.

K. Reyna left at 8:13 PM.

VI. Consent Agenda

A. Vote for all Consent Agenda items

R. Lukez made a motion to approve the consent agenda.
E. Quigley seconded the motion.
The board **VOTED** to approve the motion.

B. Confirm the Board Committees and Chair assignments for 2024/2025

C. Confirm the following Board Committee One Pagers:

D. Confirm the following policies - no updates needed:

VII. Public Comment

A. Public Comment Sign up link

There was no public comment.

VIII. Closing Items

A. Adjourn Meeting

R. Lukez made a motion to adjourn the meeting at 8:26 pm.
D. Lomelino seconded the motion.
The board **VOTED** to approve the motion.
There being no further business to be transacted, and upon motion duly made, seconded and approved, the meeting was adjourned at 8:26 PM.

Respectfully Submitted,
C. Gustafson

Documents used during the meeting

- ED Board Presentation 2024112.pdf
- 2025-2026 STEM Academic Calendar to match DCSD with extended times- ends before Memorial Day with ES PD.pdf
- 2024 KOSON Schools Financial Statements and Audit Report.pdf
- STEM FY25 Revised Budget_Draft.pdf
- STEM School - 11-12-24 Interim CFO Process Recap.pdf
- CIO Mid-Year Check-In Slide.pdf
- STEM_Presentation_2024 Board Assessment Results.pdf
- Academic_Excellence_Committee_One_Pager_2024-2025.pdf

- Advancement_Committee_One_Pager_24-25.pdf
- CIO_Support_and_Evaluation_Committee_One_Pager_FY24-25.pdf
- Governance Committee One Pager 2024-25.pdf
- Policy_ProceduresSelectingInstrMat_2023.pdf
- Policy_SelectionControversialLearningResources_2023.pdf
- Policy_Viewpoint Neutrality_2022.pdf
- Policy_OptInOptOut_2023.pdf

Never Stop Innovating! We envision a world of exponential possibilities where every child develops the innate knowledge, skills, creativity and character to thrive, lead and succeed in an ever-changing future.