

Board of Governors  
December 20, 2006  
4:00 – 6:00 pm

Board members attending; Lee Wignall, Curt Knutson, Bob Doffing, Peggy Hunter, Chad Benesh, Alan Braun, Lyle Taipale, Larry Schmidt, Betty Brost, Charlotte Mardell.

Guest: Chuck Speiker, MDE Dept of Program Finance, Judi Hanson, Kellie Lund, Jack Meeks, Marge Romero, Mary Popelka, Mary Breitenbucher, Craig Swanson, Kit Friedemann, Bryan Pepper, Cathie Hartnett, Laura Hoenack.

This meeting was held to learn more about the situation

Meeting to focus on the task of determining whether or not Sobriety High School will be determined in SOD.

We are in statutory operating debt. Some may consider it a simple technicality, since we have already received the money to see us out of that, but apparently

When Chuck Speiker met with the auditor, he asked whether or not we are dealing with a technicality. It cannot be considered receivable. Different if it had come in during October. Probably some things that can be done to markedly detract from the condition of SOD in a very demonstrable way.

16 traditional districts, 4 of the 139 charter schools. A select group. Not totally uncommon that if you're going to be in SOD, do it first year in children, or the first year you get away from the federal money.

Does the statute require SOD, or authorize SOD? The law defines SOD, and we met the definition.

Chuck will add extra description to his report because this is a unique situation.

Begin this fiscal year with a \$164,000 fund balance, which offsets the \$180,000 negative balance that we ended the year with. The cause of the SOD has been corrected.

The SOD report goes to the legislature for informational purposes only. If a board does not want to control the spending.

Factors determining whether the outcome of SOD is the end of the school. The will of the board is the sole determining factor in whether.

All expenses that go against contributed revenue need to be spent only when the funds have been received

Fund balance policy

Open and transparent bookwork

Board training with speaker looking at things like what are some of the current financial reports that we are getting right now, and do they look like the sample provided. Is there anything we can do at a managerial level to get better and timely information to the board.

Internal controls? Proper segregation of duties is often on the audit for charter school. Ways to get around it without spending more.

Both boards have already been on top of this situation in many ways, and that we could have chosen to not open another school and avoided this. Stand by that decision because it is about serving students. Even though a technicality got us into this situation.

Kit thinks that there are some structural things that we have that are unique, and it doesn't change anything as it existed on June 30 the way the dollars flow between the two organizations had the affect of amplifying the effect, but in order to do right by the employees, it is better to work for the charter school, and we lease back partial lease back employee time

As of tonight, there are only 2 people that have the knowledge that Chuck has, and they sit next to him at the dept. The board needs to figure out how to capture a line or two from Chuck that we can use

Spend another word on why we are where we are, need to accept that fact, and the sooner we accept it the sooner we can deal with it. Have made a lot of progress toward that goal.

Give advice to the types of things need to see and when you need to see them, so we can react with an action plan.

Submit a plan and you can accept or reject? If plan is rejected, lose the aid immediately.

Chuck's job that we will not get there, will promise that we will not be rejected

Work out plan for FY07 financial plan. Monitoring for 3 years.

Spend as much money as possible on instruction of kids, not nearly as much on management.

Motion to move ahead with the 3 year budget assumptions in the new format.

**Action; adopted**

Motion to maintain the status quo of benefits compensation.

**Action: Adopted**