

CROSBY-IRONTON SCHOOLS  
FINANCE COMMITTEE MEETING SUMMARY  
May 17, 2023

Item 7.2a

The finance committee met in the Forum Room on May 17, 2023 at 9:00 a.m. with the following present: Beth Hautala, Laura Lee and Kim Coughlin. Jamie Skjeveland and Bill Tollefson were also present.

Staffing – The committee reviewed several staffing items:

Non-Renewal of Long-Term Substitutes – The committee was reminded that any long-term substitutes whose assignment takes them through the last work day of the school year will be placed on the May School Board agenda for action to non-renew their contracts. This action is taken only as a means of maintaining clear records and good housekeeping and to not inadvertently provide someone with tenure. The long-term substitutes are greatly appreciated and non-renewal is, by no means, a reflection of their work or a lack of the School District's appreciation for helping out.

Summer Work Days for Counselors – The committee discussed this normal May agenda item. With the school counselors taking over district assessment coordinator (DAC) and school assessment coordinator (SAC) work starting in 2020-2021, the number of summer work days for counselors were adjusted to accommodate this additional workload. The secondary counselor (DAC and secondary SAC) is approved for 10 days of summer work, to be submitted by timecard, and the elementary counselor (elementary SAC) is approved for 2 days of summer work, also to be submitted by timecard.

2022-2023 Revised Budget – The committee spent the rest of the meeting going through the updates incorporated into the 2022-2023 Revised Budget, which will be proposed for adoption at the May Regular School Board meeting. Highlights included:

The overall budget, including both operating and non-operating funds, projects revenues of \$19,535,379 and expenditures of \$25,578,871. This is an overall deficit of \$6,043,492, which is to be expected during the non-bond sale years where the budget includes an active building construction fund, because expenditures are financed by previously accounted for bond sales revenue and now represent expenditure of bond proceeds in the out years. Building construction is expected to reflect expenditures exceeding revenue by \$5,575,000.

The most important area of the budget is the General Fund Unassigned Fund Balance. The June 30, 2022 starting point was updated from the estimate from the 2021-2022 Revised Budget to actual, which created a higher fund balance starting point. Revenue and expenditures were updated and now reflect a projected unassigned deficit of \$385,017, compared to a projected deficit on \$407,567 in the unassigned General Fund in the 2022-2023 Preliminary Budget. The Restricted for Basic Skills/Compensatory continues to reflect a deficit of \$137,820 as revenues outpace unadjusted expenditures in that area. The overall General Fund projected deficit is \$549,020. It is important to note that these deficit figures do not include the over \$800,000 in ongoing expenditures that have been supplanted by shifting them from Unassigned or Restricted for Basic Skills to one of the federal COVID funding grants, primarily ESSER II and ESSER III. Without the ability to use COVID funds in this way, the likely projected deficit would have exceeded \$1,000,000. The condition of overall expenditures in excess of revenue continues and will become a funding cliff for the 2024-2025 fiscal period when the federal COVID funding sources expire, assuming all current projections hold.

More specifically, the 2022-2023 Revised Budget General Fund revenue projection has increased by \$123,313 over the 2022-2023 Preliminary Budget and the 2022-2023 Revised General Fund expenditure budget has increased \$113,144 over the 2022-2023 Preliminary Budget. With both revenue and expenditures growing by similar amounts, the bottom line results remain consistent with the 2022-2023 Preliminary Budget projection.

Overall revenue changes were based on a number of factors. Enrollment was only very slightly higher than originally anticipated, with the total pupil unit estimate increasing from 1,102 to 1,104. This increase in base revenue is offset by a decrease in declining pupil aid to reflect a net reduction in General Education of approximately \$4,000. The balance of the increase was due to a combination of additional shifting of expenditures from Unassigned or Restricted for Basic Skills to federal COVID funding based on updated estimates and a number of one-time expenditure increases to several federal COVID funding programs; with overall COVID revenue (and also expenditures by proxy as these are reimbursing programs) up \$182,000 over the 2022-2023 Preliminary Budget. A variety of other revenues are projected to decrease, including special education aid, miscellaneous county tax revenues, Medical Assistance third party insurance and Title II.

Overall expenditures are expected to increase by \$113,144 comparing the 2022-2023 Preliminary Budget to the 2022-2023 Revised Budget. This is primarily due to a combination of a higher than budgeted settlement with the AFSCME bargaining unit by about \$20,000; as well as a number of one-time expenditures that are specialty items allowed under COVID funding that were supplements and not supplants.

The committee also reviewed the budget revisions for the other operating and non-operating funds.

2023-2024 Preliminary Budget Assumptions – As there was a little time remaining, the committee also briefly discussed some assumption information that will be included in the 2023-2023 Preliminary Budget. As the Omnibus Education Bill had just passed the House and Senate and was on the way to the Governor's desk, some of the easier items to understand will be incorporated, including the 4% increase to General Education Revenue for 2023-2024. The committee also discussed options for estimating some of the expenditures.

The meeting adjourned at 11:50 a.m.

Respectfully prepared and submitted by William Tollefson