

FINANCE COMMITTEE MINUTES

This meeting was held remotely via Google Meet
June 16, 2025 at 7:30 a.m.

Members in Attendance: John Bellingham, Jamie Bente, Lynda Boudreau, Dave Campbell, Rob Dehnert, Jason Engbrecht, Stacy Fox, Meghan Knutson, Brett Martindale, and Barbie Roessler

Others in Attendance: Grant Wilson

Members Absent: Joel Olson and Chad Wolff

This meeting was called to order at 7:30 a.m.

I. Business Items

- a. Approval of the previous meeting minutes: Motion to approve by Ms Boudreau and seconded by Mr Bente. Motion carried.

II. Contracts, Agreements, Bids and Grants for Review

- a. P & C Insurance Rates: Grant Wilson spoke of the insurance rates for the FY 25-26. COP (Property Piece) - Insurance rate is based on the replacement rate of \$250 to \$350 per square. Coverage is blanket and encompassing all buildings and the deductible structure is \$250K. Ms Boudreau asked about increasing deductibles but Grant said there wouldn't be that significant of savings and the risk to reward wouldn't be in our favor. If we reduced buildings, we'd see savings of \$4,800 for Nerstrand and \$4,100 for McKinley. The insurance rates for FY 25-26 would be a \$63,825 increase over last year, \$333,120 in total. Workers compensation rate is continuing to decrease. Motion to approve by Mr Bellingham and seconded by Ms Boudreau. Motion passed.
- b. Food Service Management: This is our standard agreement with Sodexo, in Year 4 of 5 of this agreement. There are no changes to this contract from last year other than the meal fixed rate price increase which is 3.1% over last year, which is the maximum increase allowable. Again, FY26 is year 4 of 5 of this agreement and Ms Roessler mentioned that if we'd like, we can opt out of the contract by giving a 60 days notice. Motion to approve by Mr Campbell and Ms Boudreau seconded with the question - can we run our own program and/or can we look at other options. Ms Roessler stated that, yes, we can certainly look into other options and we likely will be going for RFP at some point in FY26. Ms Boudreau's statement was reiterated by Mr Engbrecht as well. Motion passed.
- c. CVSEC Joint Agreement - Cannon Valley Special Ed Cooperative. A joint agreement means that FPS not only provides meals but we also count/track meals in order to get reimbursement for that site from the state. This is the standard agreement as in past years with CVSEC. Motion by Mr Bente. Seconded by Ms Boudreau. Motion passed.

- d. Vended Meals Agreement - Vended meals means the site is responsible for tracking and counting meals but we simply provide the meals and invoice the site for the cost. The contract is increased by the price of the meal incurred to FPS. The Vended Meals Agreement is for the following charter schools: Nerstrand, Headstart, Surad and Discovery. Motion by Ms Fox and seconded by Mr Engbrecht. Motion approved
- e. MSA and FPS Tuition Agreement - MSA will not charge us tuition for any student in faribault that either attends MSA or FPS. Motion Mr Bellingham, seconded Mr Campbell. Motion Carried. Mr Dehnert - This agreement allows us to bill for ADM for those who attended MSA while FPS allows them to timeshare for courses taken by MSA students at Faribault high school.
- f. Grant Manager - This would be a new continuous role responsible for writing grants but also maintenance and management. Currently, the Community Ed Director is writing the grants as well as managing. The business office is responsible for much of the bookwork. We're proposing 1.0 FTE for grant writing and management. The business office will still provide oversight to ensure that all the bookwork is handled appropriately. Indirect costs will be the main funding source for this new position as well as a direct charge to the grants themselves. Question: Mr Campbell - do we have certain grants that might be unique when looking to hire a new person. Ms Roessler stated that the sheer volume of grants, 38 grants in total, is unique in itself. Zach will be tough to replace but this new person can get there in time. Ms Boudreau posed a question regarding the salary and benefits package and whether it would be comparable to Zach. But no, this is a different position and will not be compensated at the same level. Mr Bellingham - what is this position going to cost us and how is this going to affect the general fund. Ms Roessler mentioned again that this position will be solely funded through the grants themselves and that it should have zero impact on the general fund balance. Motion to approve by Mr Bellingham, seconded by Ms Boudreau. Motion passed.
- g. Nerstrand Building Lease - Ms Roessler stated that she is working with the Executive Director of Nerstrand, chairperson, and business manager on the proposed sale of our Nerstrand building. A church in Nerstrand is looking at buying the building from FPS in order to keep its tax exempt status from property taxes and to keep the charter school open. This will take some time and so we're proposing an agreement of a two month lease of \$27,375 and then month by month if longer than 2 months. Ms Boudreau asked if FPS would we continue to provide services. We'd still continue to provide custodial services but we'd no longer hold the building itself. Items such as snow removal would be handled directly by the charter school itself. Motion by Mr Campbell and seconded Ms Boudreau. Motion carried.

III. Financial Performance

- a. May Student Count: Decrease of 16 students in total as compared to April. 3,009 students were budgeted for FY25 and we're currently sitting at 2,942. We are projecting 3,034 for the year.

- b. May Comparative Financial Report: HVAC reported zero expense in May 2024 however there were rebates received in May of 2024. This year, rebates finished in September and so we're showing expenses as we should. We did receive a late bill for snow removal which is why we're showing expenses in May. Self-insurance. Revenues are coming in pretty close to what we had budgeted. Expenses are coming in well over and we did adjust our budget. We're projecting expenses to be 2.7 million by the end of the 2024-25 school year. We did increase payroll contributions by 15% for next year and we're hopeful our expenses will decrease so that we can increase our fund balance in self-insurance.
- c. May Investment Report: Investments are still looking very strong. We still have some money with CCF bank in order to cover any checks or revenue that may still be outstanding. We have a "Sweep" system in place with Reliance bank to move dollars greater than a \$750k balance into savings to take advantage of interest. Our actual investment accounts continue to perform and most of these accounts can be easily liquidated in case of emergencies.
- d. May Analytics: Super quick view of how we're looking in each fund. Building construction and food service is what is driving our expense over revenue projection. Our revenue from the sale of bonds for our HVAC project was received in full in a prior year but we are now incurring the expenses in order to complete the projects. Multi-year general fund - right on track for where we should be by object series and there are no issues. We received roughly 80% of our revenue and spent 80% of our expenditures which is where we want to be this time of year.

IV. Financial Strategies

- a. Proposed Budget for FY26 : The general fund will be starting with an almost 9 million unassigned fund balance with revenues 50.5million and 52.4 million expenses. There is also \$250,000 set aside for curriculum. We're projecting to finish FY26 with a 6.8 million unassigned fund balance or 10.29 percent of expenditures. We could, although, potentially see an additional \$400k in compensatory revenue but we haven't received confirmation and wanted to be conservative. Ms Boudreau questioned what makes up the deficit to which Ms Roessler stated it is all the unknowns at this time. Teacher negotiations have not settled yet, compensatory is still up in the air, etc. The Food Service fund balance is still too high and so we've planned for purposeful spending for next year. Community Ed shows a \$60k decrease in fund balance however Community Ed is in a great spot and will finish the year with over 1 million in its fund balance. The construction fund is continuing to finish up projects and spending the revenue we've received in the prior year from the sale of the Health and Safety Bonds. The self-insurance fund balance is projected to take a dip by roughly \$90k in FY26 and we'll likely see another significant increase in insurance in FY27 but hopefully not quite as high as the 15% in FY26. Motion to approve Ms Boudreau and seconded by Ms Bente.

V. Next Meeting: July 14, 2025 at 7:30 am.

VI. Adjournment at 8:50 am: Motion to adjourn by Ms Fox and seconded by Mr Engbrecht.

Respectfully submitted by Brett Martindale