

CROSBY-IRONTON SCHOOLS
FINANCE COMMITTEE MEETING SUMMARY
October 19, 2016

Item 7.3a

The finance committee met in the district office on October 19, 2016 at 5:30 p.m. with the following present: Barb Neprud, Bob Sandin and Tom Nixon substituting for Mike Domin. Jamie Skjeveland and Bill Tollefson were also present.

2016-17 Enrollment – The committee received information on the enrollment counts for the first month of the 2016-17 school year. Early week counts were very tentative and subject to change as each building continued to sort out which students had returned and which had left but perhaps no records requests had yet been received. Better information is now available with the October counts. The opening week enrollment showed 539 students at CRES, which is now corrected to 529 students; 499 students at the high school, which has dropped only slightly to 497 students; and overall enrollment correcting from 1,038 to 1,025. The 1,025 enrollment is still above the budgetary estimate of 1,003 students and is down from 1,044 students enrolled on average during the 2015-16 school year. The two month average figure reported on the enrollment report that is included in the Board agenda packet should be used with caution, as the average includes what are very likely unrealistically high opening week figures which mathematically result in a two month average that is higher than what can be counted on as the end result.

Tennis Court Project – Update Post-Buildings and Grounds Committee – The buildings and grounds committee met on October 11, 2016 to consider options for proceeding with the tennis court project. At the time of that meeting, the Gordian Group-approved contractor had not submitted any planning items or budgetary estimates. Subsequent to that meeting, a preliminary budgetary estimate was received from the Gordian-approved contractor at \$669,374, which was very close to the architectural estimate provided in May 2016 at \$699,000. The committee discussed issues associated with the site, including items that need to be determined in short order, such as soil conditions and mitigation strategies, drainage and drainage easements, the impervious calculation and determination of a need for a variance, and the location of a force main sanitary sewer line and how that will impact the project. These items are, in large part, beyond what would normally be considered building contractor issues and the need for additional professional services to move through these complex processes is evident. The committee proposed that the process proceed using standard architectural and engineering services and a best value bid process and to finance the allowable educational costs using the lease levy financing. Both will appear as items on the October 24, 2016 Board agenda. The committee discussed whether court lighting should be included in the project or not. Since this decision can be deferred for a while, the proposal for lighting will be included in the bid package as an alternate add or deduct which will allow the Board to make the decision about lighting at the time the bid is awarded. Also, as a reminder, the toilet room/concession/ticket both building is proceeding through the Gordian process.

Financial Planning for 2017-18 – The committee reviewed preliminary financial planning estimates for the 2017-18 fiscal period. The unreserved General Fund operating deficit is projected to be about \$673,000. Superintendent Skjeveland noted that the superintendent does not have the luxury of deficit spending and must provide to the Board a plan for a balanced budget, with that final decision resting with the Board. A list of potential reductions was discussed, which included several new programs that were added in 2016-17 and funded using other than unreserved General Fund resources and that may not be available in 2017-18 to continue the programs. The committee felt that these programs were important and need to be afforded the opportunity to demonstrate results in improved instruction and student achievement and consider being offered a second year with careful evaluation of first year results during the second operational year and that impressive results would be considered worth the price of some fund balance spend down. As such, if those programs need to be funding using unreserved resources, the deficit project could grow to as high as \$873,000. The committee further discussed that they are not interested in having the fund balance drop below the 7% fund balance required in policy and that some number higher than 7% might be considered as the low mark. With this information, projection materials will be reworked for future consideration. The committee also spent some time reviewing operating deficits in reserved, such as Compensatory, and other unreserved, such as Community Service, operational funds within the District's budget and may be considering strategies for dealing with those deficits as well as the unreserved General Fund deficit.

CLEF Field Trip Suggestion – Bob Sandin is the Board representative to the Cuyuna Lakes Education Foundation (CLEF) and was seeking guidance in responding to a suggestion from CLEF regarding field trip funding. Over the past several years, CLEF has been providing funding to unique and innovative field trips to provide expanded opportunities to students. These requests have become routine requests to CLEF; with the same expectation of funding each year after the initial funding was provided. CLEF would like to be able to consider funding innovative projects and not become a funding source for what might be considered to be ongoing. A suggestion was that the District increase the budget for field trips to fund some of these programs. Unfortunately, as pointed out in the discussion relating to the likely need for budget reduction in 2017-18, the District is not in a position to increase field trip funding while facing the potential reduction in teaching positions in order to balance the budget. The committee encouraged CLEF to fund the innovative programs they wish to fund, with the thanks of the District for the opportunities being provided, and to consider notifying those who request items that have become repetitive requests for ongoing funding of the same sort of things, to seek funding from other outside sources.

The meeting adjourned at 7:15 p.m.

Respectfully prepared and submitted by William Tollefson