

CROSBY-IRONTON SCHOOLS
FINANCE COMMITTEE MEETING SUMMARY
September 17, 2024

Item 7.2a

The finance committee met in the District Office Conference Room on September 17, 2024 at 5:15 p.m. with the following present: Beth Hautala, Mike Domin and Kim Coughlin. Jamie Skjeveland and Bill Tollefson were also present.

Superintendent Search Process – The committee began discussions regarding the superintendent search to get the process started. Eventually the Board will meet to further outline and finalize plans. The committee discussed options for conducting the search, the timeline, and was updated on information that will eventually be needed in terms of decisions on full-time equivalency, salary and benefits, and other contract terms. Beginning January 1, 2025, all job postings for employers with 30 or more employees must, under a new Minnesota state statute, include a salary range and some general information on benefits. A list of search firms will be researched and plans will include meeting with two or three search firms to get a feel for the services they provide and the fees they charge. This will be done in a Board workshop or special meeting. Discussion also included how to get community input into what the community wants in or from the superintendent of schools. The search firm selection process will commence soon, with the application period and candidate selection and interviews in the January through March time period.

Phase VI (Summer 2025) Construction – Update from Buildings and Grounds – The committee was briefed on the discussions held at the buildings and grounds committee meeting held on August 27, 2024. This was done in an attempt to make the presentation by the architect and construction manager at the September 23, 2024 regular Board meeting more understandable and hopefully more efficient, as decisions will have to be made for items to be included or excluded as planning continues, so that the construction documents will be done and can be submitted to State plan review in a timely manner to obtain the building permit and promptly start construction. Depending on the scope of the Woock Gym renovations, in particular, the construction may take longer than the 3-month summer window, with some construction likely happening while school is in session. Phase VI projects include reroofing (including replacement of skylights) at CRES and remodeling the Family and Consumer Science (FACS) lab at the high school; remodeling and reworking the weight room; auditorium lighting; finishes in the band room, choir room, district office and forum room (as these are the only areas remaining with finishes from the 2003-2005 construction); and renovating the Woock Gym. See the August 27, 2024 Buildings and Grounds meeting summary for more details.

2024 Payable 2025 Proposed Levy – The committee received information on the Minnesota Department of Education's most current calculation of the 2024 Payable 2025 Proposed Levy. The School Board must certify the proposed levy by September 30th and the recommendation is to certify the levy at the "maximum calculated by MDE". This allows the greatest latitude if calculation issues are found after the September Board meeting but before the County Auditor spreads the levy in preparation for releasing the Truth in Taxation notices in mid-November. The committee reviewed the September 13, 2024 MDE levy calculation. The General Fund levies are down, primarily due to anticipated declining enrollment. Community Service levies are up due to a correction in a negative over-adjustment that is being corrected on this year's levy and also the impact on continuing decline of the taconite levy replacement funding amount. The largest adjustment is in the Debt Redemption levy which includes the planned step-down in the payoff schedule for the 2023A building bonds, with the debt payment schedule now arriving at an amount that will be level through payoff on February 1, 2033. Overall, the total levy is down (at least for the September 13, 2024 MDE calculation) \$382,793.73 over the prior year, or a reduction of 8.38%.

2024-2025 Enrollment – The committee received the first enrollment report of the 2024-2025 school year. As with all first of year enrollment reports, this report is subject to change as the school buildings continue to sort through students and their enrollment status. Reports from September 13, 2024 show an enrollment of 959 students in K-12. This is up from 955 actual students for 2023-2024 and 23 more students than the 2024-2025 Preliminary Budget was based on. Within this increase, the elementary school is up 15 students over the enrollment projection and the high school is up 8 students over the enrollment projection. Fluctuations, in the form of enrollment decline, have already occurred during week two, which is why the second week enrollment is being reported and not the first week. Better enrollment data will be available in October.

June 30, 2024 Initial End-of-Year Financial Results – The committee received an initial look at year-end financial results at June 30, 2024. These results are subject to change as the auditors continue their work to finalize the audit. The 2023-2024 Revised Budget anticipated that the General Fund Unreserved Fund Balance would increase from \$2,045,756 to \$2,049,904. The initial actual Unreserved Fund Balance is \$2,141,368 (subject to change). Much of this fund balance growth is able to be accomplished as federal COVID funds were used to supplant existing ongoing expenditures as everything that could be redirected to those federal funds, which expire September 30, 2024, was in order to spend all available resources. A reminder that this process will place burdens on the Unreserved General Fund once COVID funds are expended by the deadline of September 30, 2024 and these expenses will return to the Unreserved portion or other reserved fund balances within the General Fund. Another large fund balance increase occurred in the Reserved for Basic Skills, which had a significant revenue increase due to the new formula and process for counting free and reduced students. Fund balance growth of just over \$650,000 was the result of being able to restore the fund balance while qualifying 2023-2024 expenses could still be coded to COVID funding. The 2023 and 2024 legislative sessions also added many requirements for reserved fund balances for much of the new funding that the legislature provided, including Reserved for Literacy Incentive funds, and Reserved for Student Support – District funds. Assigned fund balances were adjusted to help offset future areas where higher one-time costs may drop into a budget based on a qualifying retirement or where the School District is at in the curriculum replacement cycle. The Food Service fund balance increased over the prior year. The early learning fund balances within the Community Service Fund decreased in total by about \$32,000 due to added staffing in 2023-2024. The reserved fund balances for capital (Operating Capital and Long-Term Facilities Maintenance) also increased as some of the needs normally covered by those funds have been able to be accommodated within the Building Construction Fund. This will result in a nice nest egg that will be used to keep the facilities in good repair after the Building Construction Fund closes at the end of all planned projects.

The meeting adjourned at 8:00 p.m.

Respectfully prepared and submitted by William Tollefson