

CROSBY-IRONTON SCHOOLS
FINANCE COMMITTEE MEETING SUMMARY
September 14, 2021

Item 7.2a

The finance committee met in the District Office Conference Room on September 14, 2021 at 9:00 a.m. with the following present: Abby Geotz and Kim Coughlin. Jamie Skjeveland and Bill Tollefson were also present.

Enrollment – The committee received the first enrollment report of the 2021-2022 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. The enrollment from September 10, 2021 shows an enrollment of 1,032 students in K-12. This is up from 973 actual students for 2020-2021 and 57 more students than the 2021-2022 Preliminary Budget was based on. Within this increase, the elementary school is up 17 students over the enrollment projection and the high school is up 40 students over the enrollment projection. There is a significant amount of enrollment change, with 61 students enrolling at CRES and 44 students leaving CRES, putting 105 students in transition. Of the 61 enrolling at CREs, 13 students are from Brainerd, which has established a mask mandate. Enrollment change at the high school is equally large, with a fair amount of additional information still to be gathered, but currents at least 45 new students offset by about 24 students leaving. There is a certain amount of speculation that a fair amount of enrollment fluctuation, both new enrollment and those leaving, where the decision may be based on issues associated with whether or not masks are mandated. If this is a leading factor in enrollment decisions, the concern and caution would be how long the school district can depend on this increased enrollment to remain. The starting enrollment figures are reminiscent of starting enrollments in the period from 2015-2016 through 2017-2018. This will make for another anxious year in setting the enrollment projection for the Revised Budget.

2021 Payable 2022 Proposed Levy – The committee received information on the Minnesota Department of Education's most current calculation of the 2021 Payable 2022 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 current levy calculation reflects an increase of \$193,707.50 from last year's levy or an increase of 4.74%. This difference is primarily due to the Debt Service Excess estimate dropping from a reduction to the levy of \$260,438.79 last year to a reduction to the levy this year of \$133,610.07. The second major contributing factors is a decrease in the taconite adjustment, dropping by \$30,000 from the prior year and resulting in not even enough taconite adjustment to zero out the Community Service levy.

June 30, 2021 Initial End-of-Year Financial Results – The committee received an initial look at year-end financial results at June 30, 2021. The 2020-2021 Revised Budget indicated General Fund unassigned expenditures exceeding revenues by \$315,209 and decreasing the Unassigned fund balance from \$2,102,216 to \$1,787,007. Initial actual results were very close to budgetary projections, with the initial General Fund unassigned fund balance ending at \$1,778,190 and reflecting expenditures exceeding revenue by \$324,026. This fund balance reduction was buoyed by Board action on June 28, 2021 to take advantage of a one-time opportunity to use a special 2020 piece of State COVID legislation that applied to fiscal years ending June 30, 2020 and June 30, 2021 only. This action involved approving the transfer of two reserved fund balance amounts – one from the Reserved for Gifted and Talented and the other from the Reserved for Basic Skills Extended Time (which no longer has an active funding stream) – to offset the 2020-2021 budget deficit of \$324,026 by transferring \$164,846 from the reserved fund balances noted to the General Fund unassigned fund balance, resulting in a final unassigned fund balance of \$1,943,036 or a reduction of 7.6%. The Reserved for Basic Skills/Compensatory revenue fund balance also decreased from \$368,994 to \$176,886 (just ahead of a budgetary projection ending at \$157,776). Food Service took the biggest hit due to the COVID pandemic, ending at \$61,683 in fund balance; which is down from a high fund balance of \$217,328 at June 30, 2017. The committee discussed the use of federal COVID funding over the next two years to retain staff positions that otherwise might need to be considered for reduction, which will help to bridge the funding gap with a likely outcome being an operating referendum election in November 2023.

Personnel Items – The committee reviewed several personnel items. The first related to a proposal from the Staff Development committee to increase the rate of pay for summer staff development to \$200 per 8 hour day (or \$100 per half day or \$25 per hour). This proposal will be forwarded to the Board for action at the September regular Board meeting, including action to consider this pay rate retroactive to June 1, 2021 so as to include staff development activities conducted over the summer of 2021. The second related to an update on the process of a health insurance bid for the AFSCME and administrative staff health insurance plan. The third provided information on trends with current staffing needs, including people applying for, interviewing for and being offered a position, only to decline the offer; as well as a general lack of applicants for most positions. There are currently between 12 and 15 open positions that are available to be filled across all operational areas of the School District.

Projects Pending – The committee revisited two projects that are pending, with the goal of prioritizing and assessing ongoing Board support. They included a review of staffing alternatives, which will proceed and continue to be investigated; and an expenditure study that the committee suggestion was to put on hold due to artificial expenditure levels due to COVID, waiting until there was a full complement of six Board members, and having any potential study done at a time closer to when it would be helpful information in looking at potential budget adjustments. In other words, if the study were to be commissioned, the results would reflect information that was current and relevant to the then-current budget adjustment decisions.

Facility Items – The committee discussed two facility issues that are under exploration and will require a Board decision within the next month or two.

Daycare - The first was the potential facility modification to remodel the junior high band room into a daycare center. After meetings with the fire marshal, the architect, the construction manager and a daycare licensing specialist for Crow Wing County, it was determined that facility remodeling and renovation may be possible to provide two sections of up to 14 children per section of day care in the space available in the junior high band room. Additional information of being prepared, including a more detailed architectural rendering and cost estimates for the remodel, as well as preparation of a grant application for the MN Department of Economic Development that is due at the end of September. The committee consensus was to have administration continue to move forward in gathering information and preparing the grant application.

Roundabout at County Road 31 and State Highway 201 – The second facility-related issue involves a plan by the Crow Wing County Highway Department and the MN Department of Transportation to construct a roundabout at the intersection of County Road 31 and State Highway 210. Representatives from the Crow Wing County Highway Department had presented plans to the Board's buildings and grounds committee over the summer. Because of the shifting that will need to take place at the intersection to accommodate the space requirements of the roundabout, the main entry to Heartwood would have to be moved, with the plan under consideration being to move that entry to being off the school bus loop exit driveway. Crow Wing County would like a decision in October. Committee consensus was to proceed toward approval, with further exploration of options to control traffic from entering further into the school bus loop area beyond the initial driveway area. Discussion focused on using signage first, and if that was not successful, perhaps consider a gate.

The meeting adjourned at 11:25 a.m.

Respectfully prepared and submitted by William Tollefson