

# April 2024 Finance Committee Meeting

Tuesday 04/09/2024 4:15pm

Building/Room: Building A Room 16 (Leonhardi's Classroom)

Finance Committee

## Members:

Isaac Leonhardi	Chair of Committee, BOD Treasurer	Present
Wendell Sletten	Board Member, Teacher	<i>Absent</i>
Dustin Reeves	Contracted Business Manager	Present
Kate Hinton	Administration	Present
Justin Gehring	Staff/Parent	<i>Absent</i>
Shauni Holt	Staff	Present
Jaidev Balchandani	Parent	<i>Absent</i>
Courtenay Dugas	Parent	<i>Absent</i>
Jennifer Stieve	Parent	Present
Yohannes Ghebru	Parent	<i>Absent</i>
Alicia Flugger	Parent	<i>Absent</i>
Noah Langseth	Teacher	Present

**Community Members:** *None present*

**Meeting Start:** 4:20pm

## Agenda:

### 1. Finance Reports/ Current Year Financials (Reeves)

- As of March month end, 75% of the fiscal year has been completed.
- Revenues received reflect 76% and expenditures disbursed reflect 65.21%.
- Actual ADM reflects 600.59.
- Projected days cash on hand is 99 days, meeting bond covenants of 60 days cash on hand. Projected debt service coverage ratio is 1.06, meeting the 1.00 bond covenants.
- \$263,097 is calculated as due from the MSA Building Company. This will be paid down over the next several months. Reeves and Dr. Hinton are reviewing the expenses that were related to building improvements and construction to allocate expenses correctly.

- \$10,428 prior year state aid receivable line item was not included in the previous year's budget. At the time of the audit, the ADM was adjusted to reflect additional aids due. These funds will be applied to this year's budget.
- *Creative Planning* is working to draw on Title funds, and adjustments to UFARS codes of previously paid items over the next several months.
- Local revenues are above target at 85.3%. This is slightly higher than usual, partially due to the insurance recovery from the roof damage.
- Expenditures are all within our budgets and tracking well;
  - Two line items are slightly above targeted budget, and planning for next year has been adjusted accordingly.
    - general supplies (401/455/465) at 102.5%
    - textbooks/workbooks (460) at 102%
- On the Supplemental report, Journal Entries represent funds being allocated to the Title funds.

## 2. 24/25 Budget Draft (Hinton/ Reeves)

- A budget draft is due to our authorizer, SAM, by May 1st. The budget draft will be presented to the BOD at the 4/16/24 meeting for approval.
- The MARSS Coordinator and Dr. Hinton have created a formula to adjust for the PSEO numbers based on enrollment at Century College.
- Budget draft contains the additional staff positions (Dean, Business Teacher, Community Engagement (part time) and Instructional Coach (part time)) salaries. The staff raises are also included in the budget draft accurately.
- The line item labeled as "*Employee Retention Credit*" will be renamed accurately. The funds from the "*due to over governmental units*" line item in the financials were received in June of 2023, and these funds are being moved into the 24-25 budget to ensure we are able to give the employee raises on time.
  - ERC funds have not arrived at this time. *Creative Planning* has confirmed that MSA is approved to receive this credit.
- Average Teacher salary increases are approximately 6%. We are following the salary scale that was presented to the BOD last year with the 23-24 budget.
- The draft budget meets the 60 days cash on hand requirement with 90 days projected.
- Debt service coverage ratio is projected at 1.97 in the draft budget.
  - Lease cost itself and the surplus amount are what drive this calculation.
- Building B will need a new roof this upcoming year, and with maximizing lease aid will assist in having these funds available.

### **Process of creating the budget overview:**

- Typically, a budget calculates increases at 2% on budget line items. This year during the budget draft, we went in and calculated the ADM as tightly as possible, while being conservative.
  - A formula was developed so if the number of Century College students increases, the contract expenses are increased in the budget model.
- Dr. Hinton and Holt went through historical spending, and assessed what was reasonable for increases for line items.

- Included expenses to transition the student information system, and several contractors rates.
  - Emphasis given that this is not the final budget, but is the best draft to present. The budget is a continuous process.
  - Salaries are the biggest expense on the budget.
  - Currently we do not have health insurance costs for next year. Proposal is expected from Kraus Anderson Insurance at the end of April.
  - Increase in property insurance cost was included in the budget draft. Reeves confirmed that property insurance costs were going up across the board on his schools. Wind and hail damage were the driving factors for insurance companies raising their rates.
  - Classroom supply needs budgets were sourced from our teaching staff for input to better align their needs for curriculum in the budget.
- 3. Fundraising/ AFC Committee / Donations (Hinton/ Gehring/ Holt)**
- The AFC is still considering the Fun Run idea as a fundraiser. They are hopeful to have an event sometime in May.
  - At this time, it is not anticipated that the Fun Run will be a large budget driver.
- 4. Expansion Update (Hinton)**
- The feasibility study is expected back for three sites by the end of this week.
  - Project team is visiting PACT Academy on Friday for construction examples.
  - Working with cities of Cottage Grove and Woodbury during this time on sites.
  - Information available to the public was presented at the Town Hall on 4/4/24.
    - 40-50 estimated individuals attended the Town Hall presentation.
- 5. End of Year Spending (Leonhardi/ Holt)**
- May 1st, 2024 is the deadline for spending communicated to staff for classroom supplies and professional development funds.
  - Individuals requesting additional professional development funds are to send their requests to Holt by May 1st, and these requests will be reviewed at the May Finance Committee meeting.
  - Staff are highly encouraged to pursue Professional Development opportunities to help move them forward on the lane changes for the salary scale.

**Additional:**

Clarification that the final budget is approved at the June 2024 BOD meeting. Dr. Hinton will update the BOD in May if there are any major anticipated changes to the draft budget. Some line items may go up/down as we make final adjustments.

**Meeting Adjournment:** 4:59pm

**Next Meeting:** May 14th, 2024 at 4:15pm.