



## Finance & Operations Committee

May 23, 2024

### MINUTES

**Meeting called to order by:** Member Kehoe at 5:10 p.m.

**Board of Ed members present:** Kehoe, Christenson, Picard

**District staff:** Merritt, Minnick, Malbon, Gruszczynski, Jory **SVA Rep:** none

**Citizen Reps:** Roderique **Presenters:** none **Others present:** none

**Public Comments** – none.

**Approval of Prior Meeting Minutes** – May 9, 2024 - approved.

**Salem High School Chiller Replacement** - Mr. Gruszczynski is here to present a recommendation to replace one of the chillers at Salem High School. Salem High School's air conditioning system requires three chillers to maintain optimal temperature. Due to its expected useful life being exceeded, chiller number one needs to be replaced. As part of the 2020 Bond Program, a plan was developed to replace all three chillers, but chiller number two has been rebuilt and chiller number three is undergoing mid-life reconditioning.

We recommend replacing chiller number one, and have obtained bids from two vendors: Trane Inc., and Carrier. The lowest bidder is Trane, Inc. with a total cost of \$412,013, which includes a base bid of \$387,013 and a contingency of \$25,000. The bid was obtained through the Omnia Project M1-yE8AAK-24-002 purchasing consortium.

Funding for this project will come from the 2020 and 2023 Bond funds. The new chiller's production lead-time is 24-32 weeks, but the remaining two chillers will be able to handle the building's cooling load this spring with minor adjustments.

We also discuss a chiller issue they are currently having at Canton HS. One of the chillers has been running inconsistently. There have been service people on-site from JCI, and they will be on site tomorrow to continue to diagnose and address the issue. Tomorrow they should be able to provide a comprehensive update outlining all fixes needed, and an electrician will replace necessary parts. The staff and families will be notified about the problem so they are aware.

**2024-2025 Budget Update Presentation**– Ms. Minnick updates the committee on the 2024-2025 budget progress. She presents the budget timeline, and explains the different budget proposals from the state Executive branch, Senate, and House. We look at the proposed increases to per-pupil funding, increases to weighted funding for some groups, and proposed funding for some categoricals. Notable proposals across all three agencies include:

- GSRP expansion proposed by all three entities
- Special Education funding maintained at 100% level
- Categoricals and new categorical allocations aligning with current allocations
- Section 29-7 Enrollment Stabilization and Section 22L Transportation Costs Offset maintained at current levels

Section 147 MPSERS allocation proposed for significant reductions, which could be shifted to fund other initiatives. Superintendent Merritt shared that this reduction could be a once-in-a-generation opportunity to stabilize public school funding, potentially adding \$8.2M per year to P-CCS budget.

Next Ms. Minnick shares updates on the 2024-2025 budget assumptions. These assumptions include enrollment projections, foundation allowance increases, funding for specific student programs, and reductions in certain expenses. For expenditure assumptions, the plan is to align staffing with enrollment, maintain class sizes, and anticipate employee compensation increases. The budget also aims to reduce expenses through vendor contract agreements and other cost-saving measures. Additionally, we have identified \$1,170,000 in central office reductions, \$1,213,000 in budget transformation reductions, for a net reduction of \$2,383,000 in general fund expenditures. The committee will now move forward with the next steps in the budget process, including the public hearing on June 11 and the final adoption at the Board of Education meeting on June 25, 2024.

**Monthly Financial Statements as of April 30, 2024-** Ms. Malbon, Director of Finance & Accounting presents the financial report for April 30, 2024, which compares the General Fund's original budget to actual results, with a focus on the function and object levels. The report notes that the district's fiscal year is not evenly distributed, with July to April accounting for 83% of the calendar year. To account for this, a three-year historical average is used to project the budget and compare it to actual results.

Due to time constraints for Salem Honors Night, the presentation is abbreviated and Ms. Minnick refers the committee to review the report for any questions. The report indicates revenues are 70.76% of the total budget, slightly higher than the three-year average. Local sources are trending lower due to timing differences in property tax revenue collections, while State Aid Payments are received in 11 equal installments throughout the year. Federal sources include Medicaid Outreach funds and interest subsidies from Qualified School Construction Bonds.

Expenditures are 81.23% of budgeted amounts, which is 2.24% faster than the three-year historical average. Instructional salary and benefit expenditures are trending ahead of the average, while General Administration and Maintenance & Operations expenditures are higher due to timing differences in purchased services and supplies. School Activities expenditures are also trending ahead of the average due to higher-than-anticipated costs for coaches and transportation.

The net change in fund balance is tracking larger than the three-year average, and the projected ending fund balance will be amended during the final budget amendment process. Overall, the district's financial performance is expected to be affected by the timing of local property tax revenue collections and the receipt of State Aid Payments.

Adjourned: 6:11 p.m.