



Finance & Operations Committee

October 23, 2025

MINUTES

Meeting called to order: Member Kehoe 5:05 p.m. **Board members:** Kehoe, Picard, Christenson _____

District staff: Merritt, Minnick, Malbon, Jory **Citizen Representatives:** Roderique _____

Guest Presenters: Plante Moran/Jeff Higgins, Renee Esper **Visitors:** J.J. Lockwood _____

Public Comments – none.

Approval of Prior Meeting Minutes – September 18, 2025 - approved.

Transportation Services Agreement – Benchmark Transportation, LLC

Ms. Minnick presented this item on behalf of Kimberly May, Director of State & Federal Programs and Continuous Improvement, who could not attend, but is recommending Board approval of an agreement with Benchmark Transportation, LLC to provide services for students identified under the McKinney-Vento Act. This Act supports students who are homeless or living in temporary housing, and requires the district to provide transportation to ensure access to school and activities.

Benchmark will supplement the district's other transportation vendors and is currently the only one offering after-hours service. If the partnership goes well, more students may be moved to Benchmark because of the lower cost. Mr. Kehoe noted that the agreement lists mileage rates but does not specify how per-trip loading or waiting fees are applied. Ms. Minnick explained that these fees are in line with what the district currently pays and that McKinney-Vento transportation costs are shared 50/50 between districts. She added that while this cost does not affect the General Fund, the lower rate will free up grant funds to support other student needs. Using contracted vendors is also more cost-effective than assigning Durham drivers for these routes.

2024–25 Annual Audit Presentation – Plante & Moran

Ms. Minnick introduced Renee Esper and Jeff Higgins from Plante & Moran. The annual audit began in August, with preliminary work completed in July. They provided printed draft versions of the presentation and the annual audit reports. This year's reports include the Financial Report with Supplementary Information, the Report to the Board of Education, and a standalone *Independent Auditor's Report*. Normally, this report is part of the Federal Programs Report; however, due to delays caused by the late state budget, districts are unable to meet the usual November 1 filing deadline. All districts receiving over \$750,000 in federal funding are affected by this delay.

Mr. Higgins shared highlights from the 2024–25 fiscal year audit, noting that the process went smoothly and resulted in a clean opinion with no findings. He added that the Bond Funds audit also received a clean opinion. Although all required testing and review work have been completed, final filing will occur once federal compliance documents are released.

Ms. Esper reviewed financial data, including the district's balance sheet, general fund revenue, 10-year foundation allowance comparison, enrollment trends, fund balance history, and enhancement millage revenue. She highlighted a slide showing general fund expenditures by object and function, clarifying the breakdown of salary and benefit costs. The budget-to-actual variance was under 2%, indicating that the district's budgeting process remains accurate and well-managed. The district's fund balance ended at 20.3% of expenditures.

Committee discussion emphasized the importance of maintaining a healthy fund balance—keeping enough reserves for unforeseen needs while continuing to direct resources to classrooms. Ms. Esper and Mr. Higgins answered committee questions and noted key points that will be included in the Board of Education presentation on October 28.

Ms. Esper confirmed that the audit reports will be finalized and available before Tuesday's meeting.

During discussion, Mr. Kehoe referenced the district's last Moody's rating, which showed a strong score but a "negative outlook." Ms. Minnick clarified that the upcoming bond that the upcoming third bond series would have its own credit rating.

Ms. Minnick concluded by thanking Jody Malbon for her outstanding work on the audit, noting her strong work ethic and dedication to accuracy and detail.

Bond and Sinking Fund Timeline Discussion

Mr. Kehoe requested a discussion on the district's bond and sinking fund timeline, noting uncertainty about when the millage rate will decrease. Ms. Minnick explained that the rate will drop below four mills in 2029, and that there may be an opportunity to refund the 2015 bonds to reduce interest costs. While the current levy is projected to drop in FY 2030, the district could explore a new bond program or sinking fund sooner.

Superintendent Merritt noted that all surrounding districts have benefited from having sinking funds, which help maintain facilities and reduce costs currently covered by bond dollars. However, because a sinking fund represents a new tax, seeking voter approval before the millage rate change could be perceived as a tax increase. A clear and detailed justification would be needed before moving forward.

Mr. Lents has begun work on a comprehensive facilities assessment and analysis of facility costs to help determine future needs. Ms. Minnick reviewed the differences between bond and sinking fund uses: bond funds can be used for new construction, building improvements, additions, equipment, buses, and technology, while sinking funds can be used for new construction, additions, land purchases, and certain repairs—but not for equipment or routine maintenance such as painting. Recent law changes now allow technology and buses to be funded through a sinking fund.

The group discussed that developing a sinking fund proposal would require a thorough review of maintenance and repair costs to identify what qualifies. Compiling this data and preparing a community education campaign would take time. During our previous bond initiative, the district dedicated approximately six months to community education and outreach. Ms. Minnick noted that additional information is available at MSBO.org under "Sinking Fund Letters," which provide a detailed overview and guidance.

Because a sinking fund is a new tax, the district should avoid pursuing it at the same time as a new bond proposal to prevent voter confusion or the risk of both failing. The group discussed possibly surveying the community to gauge interest, but agreed that the district must first identify project priorities and estimated costs. Mr. Kehoe suggested targeting the November 2026 election for a potential sinking fund proposal. TMP, McCarthy & Smith, and the district's financial advisors will be consulted to help determine the optimal timing.

Ms. Minnick concluded that the maximum duration allowed for a sinking fund levy is up to 10 years and can accumulate funds over time without spending deadlines, unlike bond funds, which require committing 5% of the series within six months and spending 80% within three years.

Section 31aa Grant Discussion - There is a \$150 million state-wide mental health and safety grant program available, which would provide P-CCS approximately \$500,000 over the following two years. The group discussed whether pursuing the grant is worth the potential risk, given the low likelihood of a mass-casualty event. To accept the funding, the district would need to waive attorney-client privilege and other legal rights in the event of such an incident.

Board action would be required at the November 11 meeting if the district decides to move forward. Mr. Kehoe noted that, if pursued, this should be handled as a first and final resolution. He suggested that the Board review a legal opinion letter—to be obtained from district counsel—during the Finance & Operations Committee meeting on November 6. If the district decides not to proceed, no action is required. The group agreed there are still many unknowns surrounding this opportunity.

Next F&O Meeting November 6th – Ms. Minnick will be out of town for this meeting. Currently on the agenda are three previews of upcoming bond work, and the September 30, 2025 monthly financial statements. Mr. Lents will present the bond items, and Ms. Malbon will present the financial reports.

Adjourn: 6:50 p.m.