



NORTHSORE EDUCATION CONSORTIUM

Finance Committee Minutes

September 3, 2025

NEC: Fran Rosenberg, Larry Fleming, Kevin Mahoney, Kathy Mahoney

Committee: Mr. Brian Forget, Dr. Scott Morrison, Dr. Mark Branco, Dr. Dr. Stephen Zrike

1. **Call to Order:** Mr. Forget called the remote Finance Committee meeting to order at 8:00 am and stated "This Open Meeting of the NEC Board of Directors is being conducted remotely consistent with Governor Healey's extension of the temporary provisions pertaining to the Open Meeting Law"
2. **Treasurers Report –** Mr. Mahoney reviewed financial reports for the past three months.
May: Collections reached 92% of the revised budget.
June: Closed with approximately \$3 million in cash flow and 95% of the revised budget collected.
While the month showed a negative net change of \$1.1 million, this was not unusual for the period.
July: Cash flow tightened as it usually does in the summer. The month reflected a negative \$1.8 million balance, which is being managed through August collections and tuition income for the start of the school year. By the close of July, there was a positive net change in cash balance of \$392,000, aided by Extended School Year (ESY) tuition.

Mr. Mahoney confirmed that the first payroll under the new contract adjustments was successfully met. He added that receivables will sustain operations through September.

Mr. Forget noted that if first tuition payments are received on time, cash flow should not present issues, and recommended further discussion at the upcoming full Board meeting.

Mr. Fleming emphasized the importance of timely billing for August and September, including collecting transportation payments from the nine participating districts.

3. **Capital Project (HVAC):** Mr. Fleming reviewed the status of the capital (HVAC) project. He explained that a change order was necessary to add a transformer, which increased project costs by approximately \$250,000. This represented a significant portion of the recent budget adjustment.
4. **ESY Revenue and Financial Updates:** Mr. Fleming reported that the auditors have been delayed, with the second review expected next week. Preliminary results indicate a drawdown of \$800,000 to \$1 million from reserves, which is slightly higher than anticipated. He noted that additional entries may still need to be reconciled before the final report.
Mr. Forget inquired about long-term projections, recalling that reserves had previously been near \$3 million, but are now closer to \$2 million. While some recovery is expected, balances will not return to prior levels in the near-term due to the HVAC project.
Looking forward, however, projections show improvement and stronger positioning in future years.
Mr. Forget also asked about bond proceeds, and Mr. Fleming confirmed that these would be available in July, August, and September, with principal repayment beginning in November.

Operating Costs and HVAC Rebate: The Board emphasized the importance of managing and controlling operating costs. Mr. Fleming mentioned a potential Mass Save rebate associated with the HVAC project, estimated at approximately \$750,000. The rebate cannot be finalized until the project is fully completed in October. Mr. Forget asked about how the rebate funds should be allocated. Mr. Fleming recommended directing the funds to the capital reserve fund. Mr. Branco reminded members that this approach had previously been voted on and would be appropriate, with any

surplus ultimately requiring board approval. Ms. Rosenberg noted that while the capital fund has a set cap, receiving the rebate would significantly strengthen reserves. She also commented that the final phase of the HVAC project has been slower and more difficult than anticipated.

Dr. Morrison raised concerns about the cost of the recent contract settlement. Mr. Fleming confirmed the settlement exceeded budget slightly, but health insurance savings offset the majority of the additional costs, ensuring the budget remains stable for FY26.

Ms. Rosenberg expressed appreciation for the new union leadership team, noting they seem supportive of changes. She added that principals are actively monitoring enrollment, and the contract expansion has been handled positively.

Capital Fund and Bond Proceeds: Mr. Forget suggested that rebate proceeds stay within the capital fund, and asked about the cap. Mr. Mahoney shared that the capital reserve is currently at \$149,000. The group also discussed whether it makes more sense to prepay bond proceeds or continue to spend them down. Mr. Fleming reported that the bond rate is about 6% and said he would follow up with the bank to review options. He stressed that using the rebate strategically could provide long-term benefits. Ms. Rosenberg confirmed that the cap on the capital fund is \$650,000. Once the rebate funds are finalized, the Board will review how best to allocate them. Members agreed with this plan.

Mr. Fleming gave a brief update on the transportation project, noting that all expenses and revenues will be captured in the general fund. He explained that once the revised budget is approved, the adjustments will be reflected accordingly. He also recommended continuing the practice of preparing a revised budget in December/January, which helps set the stage for FY27 planning and improves accuracy in reporting. Mr. Forget agreed that this approach supports stronger and clearer financial reporting.

Dr. Branco highlighted the need to ensure transportation contract billing is sent to the correct contacts in district business offices, since this contract is handled differently from others. He also recommended copying superintendents on billing communications to provide oversight under the new arrangement.

Adjournment: The meeting was adjourned at 8:28 a.m. following a motion by Dr. Morrison, seconded by Dr. Branco.



Kathy Mahoney, Administrative Assistant to Executive Director



Francine Rosenberg, NEC Executive Director