

**Robbinsdale Area Schools  
FINANCIAL ADVISORY COUNCIL (FAC)  
MINUTES for October 10, 2019  
APPROVED**

<b>Present</b>	<b>FAC Members</b>
X	Gregg Fishbein
X	Earl Hoffman
X	Lennie Kaufman
X	Thomas Klick
	Barry Rogers
X	Howard Schwartz
X	Terry Swanson
	<b>School Board</b>
X	Helen Bassett, Treasurer
	<b>District 281 Staff</b>
X	Greg Hein, Executive Director of Finance
X	Carlton Jenkins, Superintendent

**Other District Attendees:** Stephanie Burrage, Ukee Dozier, Lowell Holtz, Karylanne Marchand, Richard Gregory, Frederico Rowe, and Virginia Verbrugge

The meeting was called to order at 6:34 PM on October 10, 2019 with the Council members noted above in attendance. This was the first meeting of the FAC’s new term. Since the end of the prior term, three new Council members were elected to replace three FAC members whose terms ended on June 30, 2019 (Cheryl Felix, Kristina Harris, and Steve Schmidgall). In addition, Greg Hein has taken the permanent position of Executive Director of Finance.

**Agenda Item 1: Welcome and Introductions:**

With the large turnover of Council members, time was taken to go around the table and each attendee briefly introduced themselves. District staff talked about their current positions within District 281, and non-staff attendees discussed their backgrounds. Our School Board Treasurer, Helen Bassett was welcomed back to our group, and thanked for her support of the FAC.

**Selection of New FAC Chair for 2019/2020:**

Prior to the acceptance of the Agenda, Mr. Kaufman opened the discussion, as laid out in the FAC By-laws, that a Chair was to be elected for the coming year. Gregg Fishbein volunteered to become Chair for the new term. The nomination of Mr. Fishbein was made and seconded, and he was elected unanimously. As part of the transition, Mr. Kaufman volunteered to take minutes for the meetings during the coming term. The nomination of Mr. Kaufman was made and seconded, and he was elected unanimously. Mr. Fishbein then took over chairing the meeting.

**Agenda Item 2: Accept Agenda:**

Mr. Kaufman moved to accept the agenda for the October 10, 2019 meeting as distributed. The motion was seconded by Ms. Bassett, and it passed unanimously.

**Agenda Item 3: Approve April 4, 2019 Minutes:**

Mr. Kaufman moved to accept the minutes of the April 4, 2019 meeting as distributed. The motion was seconded by Ms. Bassett, and it passed unanimously.

**Agenda Item 4: Enrollment Update:**

Greg Hein gave a robust update of our current enrollment situation. The discussion of enrollment projections and their impact on our financial results has been a continuing FAC discussion. Enrollment is one of the key revenue drivers for a school district, and when budgeted enrollment deviates from actual enrollment, financial statement variances are created, which, if significantly negative, can be quite challenging. The District had a long history of actual enrollment matching quite closely to the projected amount. A number of factors have created impactful change in various forecasting variables, and during the past 5 years, actual results were significantly below projections more than one year. The District has worked very diligently to change its forecasting methodology, and has also changed consulting firms in order to achieve more accurate forecasting results. This is critical in order for the District to eliminate its Unassigned Fund Balance deficit.

Mr. Hein walked through enrollment terminology, including headcount, ADM, and WADM measurements, and showed how the District measures each during the year. The numbers are reviewed monthly to make sure we are staying on track. During the past few years, the overall direction of enrollment levels has followed a relatively consistent month-to-month pattern throughout the school year. At the beginning of this school year, the measurements showed we are running slightly ahead of projection for ADMs and WADMs. If current levels held up through the entire year, this could generate over \$200,000 of additional revenue. Questions were asked about how the State pays school districts, and how the timing of payment affects cash flow. Mr. Hein emphasized the process and procedures that are now being used to track our results; allowing us to be able to respond to any changes within a much quicker timeframe.

**Agenda Item 5: Preliminary Audit Update:**

Mr. Hein led a brief discussion about where we were in the audit process. He has met with the auditors and they are working on a number of issues and fully expect to meet the deadline for submission of our audited results to the MN Dept. of Education. No internal control items have been raised so far in the discussion which are causing alarm for the Finance staff. The process appears to be going smoothly as there has been some consistency in audit staff. The FAC has asked for the opportunity to have the auditors present their findings at an upcoming FAC meeting. Some discussion ensued regarding the order of presentation between the FAC and the School Board. Further discussion will occur. Mr. Hein's presentation centered around preliminary results in the different District Funds (General Fund, Food Service, Community Service, Self Insured Medical, and miscellaneous other funds). The largest portion of the discussion focused on the Unassigned Fund Balance of the General Fund, which is still expected to end the year at a negative \$5.8 Million level. This includes the projected \$3.8 Million loss in FY 2019 (ending June 30, 2019). District staff understood the FAC's concern about the state of our Unassigned Fund Balance.

**Agenda Item 6: Preliminary Proposed Levy Payable 2020:**

Mr. Hein led a discussion of the levy process which the District goes through each year to generate the “local” government share of its revenue as part of the property taxes paid by District residents. The proposed levy payable in 2020 provides the property tax revenue for the 2020/2021 school year. There are many components of the property tax levy. Based on the required submissions of the property tax process, the School Board approved a preliminary tax levy for Pay 20 at the maximum allowable level. This would represent an approximate 7% increase over the prior year’s levy. A Truth-in-Taxation hearing will be held on December 2, 2019 to discuss the Pay 20 levy, and final approval of the final Pay 20 tax levy is expected to occur at the December 16 School Board Meeting.

**Agenda Item 7: Future Meeting Dates:**

Historically the FAC has tried to set meeting dates based on the timing for upcoming financial activity (budget, audit, taxation, debt issuance, and general financial information review). A meeting was set for November 25 to focus on upcoming audit finalization and taxation finalization. We also hope to update our enrollment status at that meeting.

The group also scheduled an additional meeting for November 13 to act as a “learning and work session” primarily oriented to the budget and general District financial activity. With a large number of new members, and the opportunity to review for existing members, this session will help all of the people involved to get consistent information to support future discussions. Chair Fishbein asked that if members have questions or items they would like to have specifically discussed at this work session to please submit them in advance to him and Greg Hein. He also asked that if people have information they felt was helpful to understanding the finances of District 281, they should submit that information to both Gregg and Greg as well.

**Agenda Item 8: Other Items:**

Two items were raised during this discussion. The first was the announcement of the rescheduled meeting with Dr. Melcher, Finance Division Director of the MN Dept. of Education. The meeting is focused on understanding school finance. The meeting will be held Monday, October 21 at ESC, and FAC members were encouraged to attend.

The second item related to the status of a “Request for forensic audit of ISD 281”. It appears the group behind this request has attracted a sufficient number of signatures for the petition to be submitted. Signatures are being verified, and we will be made aware of what action will be taken on the petition as information becomes available.

**Agenda Item 9: Adjournment:**

The meeting was adjourned at 8:14 pm

**Minutes submitted by Lennie Kaufman**