

**Robbinsdale Area Schools
FINANCIAL ADVISORY COUNCIL (FAC)
MINUTES FOR February 11, 2020
APPROVED**

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

Other Attendees: Tonya Allen (District 287), and Richard McGregory (District 281 Administration).

The meeting was called to order at 6:35 PM on February 11, 2020 with the Council members noted above in attendance.

Agenda Item 1: Welcome and Introductions:

Chair Gregg Fishbein opened the meeting welcoming the attendees.

Agenda Item 2: Accept Agenda:

Mr. Kaufman moved to approve the agenda for the February 11, 2020 meeting. The motion was seconded by Ms. Swanson, and the motion passed unanimously.

Agenda Item 3: Approve January 14, 2020 Minutes:

Mr. Kaufman moved to accept the minutes of the January 14, 2020 meeting as distributed. The motion was seconded by Ms. Swanson, and the motion passed unanimously.

Agenda Item 4: 2019-2020 Revised Budget:

Mr. Hein led a discussion reviewing the revised budget for the current fiscal year (2019/2020). This presentation was the same as was provided to the School Board at their work session on February 3rd. The primary focus was on those items affecting our General Fund. Overall, Greg still expects us to finish the year with General Fund revenues exceeding expenses by approximately \$1.1 Million. This would bring the unassigned fund balance from a negative \$500,000 at the end of fiscal year 2019 to a positive \$600,000 at June 30, 2020 (the end of fiscal year 2020).

Importantly for our financial results enrollment appears to be on track with the forecast (decline of 300 students) and might even finish slightly higher than forecast. There were also some positive changes made by the legislature including the phase out of the cap on special education funding (which impacted District 281 significantly) and the addition of “cross-subsidy” reduction funding to prevent the cross-subsidy from growing worse. The biggest impact to the expense side of the equation were based on changes to compensation levels for additional staff supporting special education along with necessary additional class size remediation additions. Agreement was reached on our contract with teachers which will be retroactive to July 1, 2019. The contract was settled within the budget parameters. Other bargaining unit contracts remain open at this time, and these settlements could affect overall financial results.

We also discussed other components of the General Fund. It is still believed that increases and decreases within these funds will offset each other and will end the year in a fund balance position where we expected them to be. We then discussed the budget assumptions in a few other funds, and any key issues pertaining to them. There continues to be a concern about the growth in the bad debt expense in the Food Service Fund. This number will approach \$1,000,000 in the not too distant future. If write-offs are to come, they would impact the General fund. If we wrote off the debt at the end of fiscal year 2020, it would wipe out the projected positive balance in our General Fund unassigned reserve. In the Self Insured Medical Fund we still expect the fund balance to be positive by the end of calendar year 2020 due to recent premium increases. There was also further discussion about our OPEB Fund. Even after taking almost \$5MM from the fund to reimburse the General Fund for covered costs, a surplus of slightly more than \$6MM will exist based on the most recent actuarial evaluation. That surplus can only be used for covered OPEB costs and cannot be used to support other activity.

Agenda Item 5: Discussion regarding the final 2018—2019 Financial Audit:

Greg Hein led a discussion regarding the fiscal year 2019 District 281 audit. As the financial results had not changed from those discussed at our prior meeting, the discussion focused on issues raised on the management letter relating to internal controls. There were no repeat items from the prior year that reached the level to be raised in this year’s audit. The auditors indicated that District 281 was complying with applicable Government regulations. The issues raised in the Management Letter included:

- Completion of monthly cash reconciliation on a timely basis
- Correct allocation of salary costs to Title 1 and Special Ed Cluster programs
- Need to include payments made electronically for School Board approval
- Multiple items pertaining to Extracurricular Student Activity Accounts
- Escheatment (Unclaimed Property) activity.

In reviewing these items, Greg Hein discussed the status of each, and the Committee felt the appropriate attention and response was being (or had been) put forth to deal with the issues appropriately. There was a discussion about the cost / benefit balance regarding remediating issues raised in conjunction with Extracurricular accounts, and it was felt the District was choosing an acceptable path. A good discussion also occurred regarding how the District protects itself from attempts at fraud which might arise in the area of electronic payments.

We have been with MMKR as our auditor for approximately five years. Greg felt they were doing a good job in serving and supporting District 281. MMKR has a large share of school districts as clients and has developed significant expertise in school district finance.

Agenda Item 6: Future Meeting Dates:

We reaffirmed the date for our next meeting as March 31, and chose May 12 as the date for the next meeting beyond that. Both meetings are scheduled to start at 6:30.

Agenda Item 7: Other.

Greg Hein briefly updated the group regarding the status of the requested forensic audit of District 281. Greg reaffirmed the information that was asked for, and any discussion about that information, is confidential until a report is issued. At that time, the information will become public. No date for release of the report was available currently.

Agenda Item 8: Adjournment:

After a proper motion was made and seconded to adjourn our meeting, the meeting was adjourned at 7:29 pm

Minutes submitted by Lennie Kaufman