

**Robbinsdale Area Schools  
FINANCIAL ADVISORY COUNCIL (FAC)  
MINUTES FOR January 12, 2021  
Approved March 23, 2021**

<b>Present</b>	<b>FAC Members</b>
X	Gregg Fishbein ( <i>left meeting at 7:30 pm</i> )
X	Earl Hoffman
X	Lennie Kaufman ( <i>left meeting at 7:00 pm</i> )
X	Greg Kugler
X	O. Barry Rogers ( <i>left meeting at 7:45 pm</i> )
X	Howard Schwartz
X	Terry Swanson
	<b>School Board</b>
X	Pam Lindberg, Treasurer
	<b>District 281 Staff</b>
X	Stephanie Burrage, Interim Superintendent
X	Greg Hein, Executive Director of Finance

**Other Attendees: Molly Lopez (Accountant), Karylanne Marchand (Business Office Manager), Kelly Smith (Baker Tilly), Beth Tomlinson (Controller), Virginia Verbrugge (Assistant Finance Director), Marti Voight (Interim Assistant Superintendent), Kristine Wehrkamp (Executive Director of Community Education).**

**The meeting was called to order at 6:34 PM on January 12, 2021 with the Council members noted above in attendance. Due to the COVID-19 Pandemic this meeting was held virtually with all members attending via the Zoom platform.**

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

Chair Gregg Fishbein opened the meeting welcoming the attendees. Earl Hoffman was recently re-appointed to the FAC effective 12/21/20 to fill the open position left by Tom Klick's resignation. Pam Lindberg, recently elected School Board treasurer, and Beth Tomlinson, recently hired controller, were also introduced and welcomed.

**Agenda Item 2: Acceptance of Agenda:**

The Agenda had been distributed to the members prior to the meeting as a link to the Zoom meeting invitation. Future attachments will be managed in a similar fashion (as opposed to receiving e-mail attachments). FAC members will be able to access all links so identified within future agendas which will be located in each member's Google Drive. A motion was properly made and seconded to accept the distributed Agenda. This motion passed unanimously.

In addition, Greg Hein presented information on the various terms of FAC members, to wit:

- July 1, 2018-June 30, 2021: Gregg Fishbein, Lennie Kaufman
- July 1, 2019-June 30, 2022: Howard Schwartz, Terry Swanson, Earl Hoffman
- July 1, 2020-June 30, 2023: O. Barry Rogers, Greg Kugler

**Agenda Item 3: Approve the November 10, 2020 FAC Meeting Minutes:**

A motion was properly made and seconded to approve the minutes of the November 10, 2020 meeting as distributed. The motion passed unanimously.

**Agenda Item 4: FY20 Preliminary Audit Results:**

Greg Hein presented the results of the District's FY20 Preliminary Audit that was shared with the School Board on January 5, 2021. Information focused on General Fund Unassigned, General Fund Assigned, Food Service Fund, Community Service Fund, and Self-Insured Medical Fund. **[NOTE: Management letter from the auditors was not available for review and comment by the FAC members. Greg Hein indicated that the letter would be made available once reviewed by the School Board.]**

- ***General Fund Unassigned.*** Of note was that the FY20 Actual Fund Balance ended on target at \$0.6 million due to several factors: (1) Operating Surplus was higher than expected (\$1.3 million); (2) District wrote off \$0.7 million in Food Service Bad Debt (as recommended by the auditors); (3) \$0.5 million in Medical Assistance funds from IEP billings to insurance and state reduced the Special Education cross-subsidy. With respect to the Food Service Bad Debt, an additional \$250,000 was accumulated in FY20 which may or may not prove to be collectible. Since March 2020, the Federal government (U.S. Department of Agriculture) is picking up the tab for all meals, thanks to COVID-19 pandemic funding legislation.
- ***General Fund Assigned, Non-Spendable and Restricted.*** Of note was the end-year positive increase of \$1.1 million due to increased balances in Inventory, Prepaids, Operating Capital, Local Collaborative Time Study, Health and Safety, and Safe Schools. One-time expenditures of \$0.4 million were made to utilize the funds received as a result of the dissolution of the West Metro Education Program in FY19.
- ***Food Service Fund.*** Of note was the impact COVID-19 had on the overall financial position due to both revenues and expenditures being well below budget. Consequently, the Fund experienced a net profit (\$88,000) as opposed to the originally budgeted deficit of \$100,000. Of the \$950,000 in bad debt, \$700,000 has been written off during FY20 with the remaining \$250,000 to be assessed for collectability in FY21. The USDA will continue picking up the meal costs through 2021.
- ***Community Service Fund.*** Of note was the loss incurred during FY20 due to providing critical child care for front line workers combined with revenue lost from fee-based programs. It was reported that future federal stimulus funds may be used to help offset these losses.
- ***Self-Insured Medical Fund.*** Of note was that health insurance costs are managed on a calendar basis while the Fund is budgeted on a fiscal year basis. Consequently, delays in employee medical expenditures due to COVID-19 (e.g., timing of elective surgeries and other medical and clinic expenses) may not be reflected in FY21 but in FY22 instead.

**Agenda Item 5: FY21 Revised Budget:**

Greg Hein presented the FY21 Revised Budget adjustments that was shared with the School Board on January 5, 2021. Information focused on revenue and expenditure changes in the General Fund Unassigned, the General Restricted, the Food Service Fund, the Community Service Fund, the Self-Insured Medical Fund, plus Other Funds of mention. In addition, Mr.

Hein explained how both the federal Coronavirus Relief Fund (CRF \$3.85 million) and the Coronavirus Act Relief and Economic Security fund (CARES \$3.37 million) were spent to offset District costs related to managing the COVID-19 pandemic. Of note:

- \$1.80 million in lost revenue due to lower enrollments in Pre-K and early elementary education, due primarily to COVID-19. With the District decision to do with distance learning, a number of families opted to forego Pre-K and Kindergarten, or send their students to private schooling options or choose a home schooling option. The School Board is currently evaluating the long term impact of lower enrollments with the expectation that many students will return to the District once an in-school option is again available.
- \$0.20 million in lost revenue due to cancelled events.
- \$2.00 million in cost savings as a result of reduced expenditures in Transportation, Utilities, and Education Assistants (staff).
- Coronavirus relief funds are helping to cover special on-site instructional costs incurred apart from the distance learning initiative. *Uses were detailed in the presentation.*
- Coronavirus Relief Fund (\$3.85 million) was spent down to \$0 by its planned expiration date of 12/31/20. Despite the Federal government's decision to extend the deadline for reimbursement filings, the Minnesota government opted not to allow this extension. *Uses were detailed in the presentation.*
- Coronavirus Act Relief and Economic Security fund (CARES \$3.37 million), the amount of \$2.30 million is being spent in FY21 and the remaining balance of \$1.07 million will be spent in FY22. *Uses were detailed in the presentation.* In addition, a new round of federal stimulus funding is soon to be announced with the possibility of a fourth round in the future.
- Food Service Fund balance will remain unchanged since meal costs are being picked up by the U.S. Department of Agriculture. *Of laudable note, over one million meals have been provided by the District free-of-charge to students and their families since March 2020.*
- Debt Service Fund expenditures will be slightly higher during FY21.

**Agenda Item 6: FY22 Budget Assumptions:**

Greg Hein presented the FY22 Budget Assumptions that were shared with the School Board on January 5, 2021. Information focused on revenue, expenditure and general assumptions essential to accurately plan the FY22 budget. Of note:

- Given the State's current deficit financial position, it is highly unlikely that there will be any increase in the Basic Per-Pupil Funding Formula over these next two years.
- Continuing loss in General Education revenue due to declining K-12 enrollment.
- Voluntary Pre-K funding set to expire at the end of FY21.
- All bargaining group contracts set to expire on 6/30/21 (except custodial) which may result in increased employee costs.
- \$4.4 million in budgetary realignments needed in order to maintain \$1.1 million fund balance target.

- Changes in transportation costs anticipated as a result of RFP and subsequent negotiations.
- **IMPORTANT:** The Executive Director of Finance will continue to strongly recommend the principle that recurring costs should NOT be offset by one-time financial revenues. Recurring costs should be covered by recurring revenue. The FAC applauds this axiom.

**Agenda Item 7: Budget and Staffing Timeline:**

It was noted that within the Budget and Staffing Timeline, the FAC is to make recommendations to the School Board during the Board's February 1 work session. Concern was expressed by the FAC members that this left no time prior to that work session for there to be a discussion of what to present. Dr. Burrage agreed to meet with FAC Chair Fishbein and School Board Chair David Boone as soon as feasible in order to develop and share a topic list with the FAC prior to the next FAC meeting on March 9. Consequently, Dr. Burrage will have the FAC discussion with the School Board rescheduled to a date after the March 9 FAC meeting. In the meantime, FAC member issues and concerns should be e-mailed to Greg Hein (greg\_hein@rdale.org). [FAC Members are reminded that an FAC ListServe has been created by e-mailing Finance\_Advisory\_Council@rdale.org.]

**Agenda Item 8: OPEB Advisory Committee:**

Greg Hein announced that Michael Herring and Helen Bassett have been appointed to represent the School Board, joining O. Barry Rogers and Greg Kugler, FAC representatives. No report, as the Committee has yet to meet.

**Agenda Item 9: Other:**

- Future FAC meeting dates: March 9, 2021; May 11, 2021.
- Equity in Education Series (Jan. 21 @ 6:00 pm). Topic: Black Men in Education. FAC members are welcome to attend. Contact Nichol Sutton (763-504-8012; nichol\_sutton@rdale.org)
- School Start Time Webinar (Feb. 4 @ 6:00 pm). Panel discussion. FAC members are welcome to attend. Contact Nichol Sutton (763-504-8012; nichol\_sutton@rdale.org)

**Agenda Item 9: Adjournment:**

After a proper motion was made and seconded to adjourn our meeting, the meeting was adjourned at 8:00 pm.

**Minutes submitted by Howard Schwartz**