

Augsburg Fairview Academy
School Board Meeting Minutes
December 18th, 2012

School Board Members Present: Grugel, Matuseski, Jenkins, Hacker, Niemand, Beeth, Pottratz, and Wolfe

Ex- Officio: Johnson, Perreault

Guests: Chuck Rinkey

Meeting called to order at 3:45pm in AFA Science room

1. Amend/Approve November minutes: No addition or corrections, approved.
2. Auditor's Report:
 - a. (Rinkey)
 - i. Page 3: Auditor's Report begins. This report states that Augsburg Fairview Academy's financials are accurate. It looks that balances are accurate, actuals and budgets are aligned, expenses are in correct categories
 - ii. Management Discussion and Analysis Section, begins on page 7. This section takes summarized info from back of the audit report and puts it into charts and graphs, explaining what went on during the year
 - iii. Basic Financial Statements: Begin on Page 15
 - a) Page 16: Statement of Net Assets
 1. District Wide – Full accrual basis, long term debt applies, purchases are considered assets and depreciate over time
 2. Total assets of \$657,000 with \$575,000 total liabilities. Net assets a little over 80,000
 3. Afa has revenue over \$1.2 million. Most schools would want net assets to be 10-20% of annual revenue in best case scenario so you have a better fund balance and do not have to borrow as much during hold back
 - b) Statement of Activities- Page 17
 1. Categorized by programs and shows both expenses and revenues
 2. Shows a 2400 net outlay in special ed services
 3. All of the revenues are netted to come up with total net assets
 4. Net assets at the beginning of the year are \$109,000, however there is a \$28,000 deficit in change of net assets over a year on a full accrual basis
 - c) Balance Sheet- page 18.
 1. Balance sheet varies from Statement of Activities because it does not have the \$44,995 capital assets reported
 2. Special Revenue fund = food service program
 - d) Reconciliation between the Net Assets and Balance Sheet- Page 19
 - e) Statement of Revenue Expenditures and Changes in Fund Balance-Page
 1. School Reporting, UFARS
 2. Things you buy are put as expenses instead of capitalizing them and depreciating over years
 3. Break down between general fund and special revenue (food service)
 4. Food Service- \$3500 deficit. School put money from general fund and put into special revenue fund to zero out the negative balance
 - f) Reconciliation between the Revenue and Expense Statements are shown on page 21

g) Budget and Actual General Fund are compared on page 22

1. Budget was changed so that a loss was budgeted. Came in only \$4000 less than budgeted loss
h) Footnotes- begin on page 23

1. Includes information such as: when was school formed, authorizer agreement, basic financial statement presentation, recognizing revenue and recording expenditures, policies toward budgeting, fund classifications, fund balances (non-spendable, restricted, unassigned)
2. Trying to increase fund balance last year so we look better to state and are also giving ourselves more breathing room in case something unexpected happens
3. Page 31 shows Note 4 on Capital Assets. Shows the depreciation expense on all of the assets from day 1 accumulative through the end of the year. It is \$145,000 at the beginning of the year, plus the \$16,000 depreciation expenses, equals \$162,000 at the end of year.
4. Page 35 shows the schedule of lease payments due from now until end of lease
5. Page 37 and 38 show a comparison of current year and prior year on the balance sheet for the general fund only
6. Page 39 is a Fiscal Compliance Report. School submits UFARS by November 30th each year to Department of Ed. Chuck also submits his to see if we are in agreement. Numbers should match by the end of November each year and ours did.
7. Reports on internal control and compliance are listed at the end of the report
8. Good cooperation from the school during audit and no big difficulties.

Question (Grugel): Page 31, How does depreciation increase balance?

Answer (Rinky): Capitalizing increases the balance because the expenses are put into the balance and then they depreciate over time. The depreciation will decrease your balance. AFA bought around \$19,000 so the net increase for the year was \$3,000

3. Financial Report

a. (Jenkins)

- i. Pie chart page- Expenses at 32% and Revenue at 38%. Just started receiving federal funds which is why it is slightly low. 42% is about where we want to be at this time of the year. Expenses run low because of the summer payouts for teachers
- ii. Revised budget is at 142 ADM. School has reconciled cash balance of \$167,818
- iii. Holdback is changing. \$425,000 would have had to be borrowed, will be changed to about \$150,000. Schools should take caution budgeting for FY14. The 17.5% holdback will go into next year unless something is passed in legislation which may happen. It could go back to 27% hold back for next year. Will impact the interest expense which is based on the \$150,000- \$425,000 that would need to taken out. Thinking that payment structure may change for next year. Right now 16 payments at beginning of year and no payments after February. However, with lower holdback they might extend the payment cycle.
- iv. Balance sheet- page 3 of 9. Shows \$167,000 in cash account. Still have money coming from MDE, about \$12,000, which will come closer to end of year. \$23,750 accounts payable represents the Messiah invoices that are still owed. Holdback changed on bottom of page 3 of 9 to reflect changes.
- v. Summary Income Expense Statement- page 4 of 9. Federal revenue is at 11% because of Special Ed Director fees. Title 2 is at 54% because of a one time training which occurred. Same with instructional support; it's at 75% because of trainings which have occurred. Also, social worker was originally budgeted between general fund and title money however she is spending a lot of time with special ed students and so money has been shifted money out of general ed to compensate.
- vi. Cash flow page- December 15th (IDEAS payment could be estimated) which is the holdback payment. Retroactive to beginning of the year. \$250,000. Can see we will only need to borrow about \$150,000. Paid on 15th and Ideas check comes on the 15th, however Paychex pulls money out of

account on the 14th so the money needs to be in account ahead of time.

vii. Enrollment as of December 13th, 2012- 143 last year and 153 this year. It looks like our trend is rising and we should have no problem making our 142 ADM. For every 1 ADM over 142 we will receive an additional 10,000. Our current ADM is 135. This has been increasing steadily all year. Currently our projected ADM, if we held steady without increasing, would be 146. New students coming from friends/ families. Also, Destiny our recruiter has been working with agencies and promoting our school, and then those agencies refer students or bring students in. Keeps a steady flow of students coming in. Annie- asks what capacity is. Bart- Current attendance is about 50% so capacity would be around 180. 90-100 students in the building would probably be a capacity. Has not been talked about but thinks that may be the limit. If attendance rises along with enrollment, we will have an issue with space and capacity. After first semester is over we will be able to compare attendance from this year to last year and see what the trend is

4. Treasurer's Audit of Dispersment

a. (Niemand)

- i. Everything looked good with Payroll, credit card, and accounts payable. No discrepancies.

5. Executive Director's Report

a. (Johnson)

- i. Enrollment as of December 13th, 2012 was 143 last year and 153 this year. It looks like trend is rising and we should have no problem making our 142 ADM. For every 1 ADM over 142 we will receive an additional \$10,000. Our current ADM is 135. This has been increasing steadily all year. Currently, our projected ADM, if we held steady without increasing, would be 146. New students coming from friends/ families. Also Destiny, our recruiter, has been working with agencies and promoting our school, and then those agencies refer students or bring students in. Keeps a steady flow of students coming in.

Question (Grugel:) What is the capacity for the school?

Answer (Johnson): Current attendance is about 50% so capacity would be around 180. 90-100 students in the building would probably be a capacity. Has not been talked about this with staff but thinks that may be the limit. If attendance rises along with enrollment, we will have an issue with space and capacity. After first semester is over we will be able to compare attendance from this year to last year and see what the trend is

ii. Revised budget and approved budget

- a) Original budget created and then revised in August and October, and will likely need to be revised again (page 1 of 12). Blue column is year to date activity. Green is lashing approved budget from October, black is working budget- where adjustments are made and is not approved but is being brought to the board to be approved. Each revision or change yields a difference which is in the red column.
- b) Special Ed budget being increase because of adding another teacher- this is fully reimbursable so does not contribute to bottom line
- c) CEIS- Coordinated Education Intervention Services- Goes to RTI, special classes we have for behavior. We applied for it and just got approved for it in November. This adds another \$4,000 to our budget.
- d) Page 2- Records Specialist Change. Liz will be filling in for Kelsey when she is on maternity leave. Liz will be receiving a higher hourly rate during this time.
- e) The reason that our supply spending was so high was because the desks we ordered for the

English room were classified as supplies instead of furniture. In order to be considered furniture each individual piece would need to be over \$500. We moved \$4000 from furniture budget to supply budget.

- f) Total State special ed changes are \$11,500 but is fully reimbursable.
- g) Page 8 – CEIS is revenue that has not been spent yet
- h) Dental insurance- social worker moved from 90% general fund and 10% title 1 and is now 40% general fund, 50% special ed and 10% title 1. Page 9 shows about \$17,000 taken out of general fund and will be paid for with Special Ed funding. There is a \$21,472 savings by making that change, and that is reflected at the top of Page 10.
- i) Page 11 shows the net change in working budget to approved budget, which is adding almost \$20,000 to net income
- j) If we approve this budget we will have a net balance of \$57,171.06. This number is \$19,978.81 better than the previous budget. This leaves almost 4% left over.
- k) Jess and Mohamed's salaries need to go into fund 2, which we have not done before. As chuck said, we don't want to have a negative balance in fund 2 so we need to take the money from the general fund and put it into fund 2.

iii. Cash Flow Solution

- a) Credit secured with Park Midway Bank- the agreement was signed and now we have a line of credit so we are secure for the fiscal year. We do not have to worry about cash flow this year.
- iv. Holdback reduced to 17.5% from almost 40%. We will not need to borrow as much money and spend as much money on interest.

v. Meeting with commissioner of education- January 17th, 2013- 12:15-12:45

- 1. Will be discussing the MMR. "Multiple measurement rating system" which categorizes schools and ranks them. One thing we are measured on is the number of students who are graduating in 4 years. This hurts us because a lot of our students come to us very far behind in credits.
- 2. There are a few working groups trying to come up with a way to better rate schools like ours. We should be judged still on progress, but compared to other students similar to ours. At large districts, the ALCs do not affect the high schools, they are just dumped into large district pool.

6. Lead Teacher's Report

a. (Anderson)

i. Heidi has been writing a newsletter which goes out every other month or so and contains tidbits about what's going on at school. Also, Quarter 2 interim grade reports were sent home about a week ago. We will have Interim and Final grade data ready for next board meeting. Seems to be looking similar to last quarter. A lot of new students started within the last few weeks (almost 20) and they received almost all NC (no credit) so they will be pulled out the data because of when they enrolled.

ii. There have been a lot of newly enrolled students in last few weeks. Starting last week the new students are put into SDL (Self directed learning) until the end of quarter 2. They'd have to be in that section for 4 weeks max until Quarter 3 starts.

iii. School culture- We have implemented a color coded hall pass system: bathroom, locker, hall, office. It seems to be a much more orderly system. Only one student out of the room at a time, and it's easy to see where the student needs to be. This is cutting down on disruptions in the hallway and office. Referral slip system has also been implemented and is used for defiance in class, sleeping in class, excessive cell phone use. A referral means a student needs to be removed from class and meet with Heidi. Typically the students are sent back at the end of the hour so they're ready for their next period class. Having the referral system also helps track data of which students

are sent to office frequently. 3 students have been put on behavior contracts. All part of the PBIS model.

iv. RtI data was reviewed at end of November. It shows that some students making really big strides. It's great to see all students in Math really engaged in their math classes and RtI scores seem to be improving due to this.

v. Social justice class is held on Fridays. A group of 6 students have put together a homeless youth project. They are currently holding a clothes and food drive for homeless youth and are working with the First Universalist Church and their Unity Youth Leadership Program. They are cleaning out various spaces to use as storage and we will be running a clothing closet and food shelf at AFA. All the donations from First Universalist Church will be brought to AFA tomorrow

vi. SPED numbers are close to 50 students at AFA right now, so we are looking at hiring another SPED teacher.

vii. December 7th- Professional Development. Liz Saunby our records specialist planned and executed a professional development about Native Culture. We have over 12% native students now compared to 2% last year. The professional development gave the staff ideas about how to better work with native students and native families. One idea that came from the meeting is that AFA should plan and host a pow-wow. This is something that AFA is now working on executing with a committee in the school. It will hopefully be held on a Friday or Saturday at the end of April. Apparently the American Indian Oac (?) has not used all their federal funds and could be a resource to look into. Also, Theresa Harold- used to work with them a lot and could possibly help sponsor and also explain the type of resources available. AFA is currently working on a grant to the Shakopee tribe. We are hoping to have it at the Native American Center on Franklin and Bloomington because they already hold powwows there and the Little Earth Community is very familiar with it.

7. Inside director's report

a. (Niemand)

i. In English with Clayton Schanilec there is another school newspaper coming out tomorrow

ii. There is a Family Night on January 24th that Beth and Dusty are planning

iii. Neimand has really been working on service learning in her classes. 1st group wants to work with the elderly, 2nd group is doing indoor gardening, 3rd group wants to do something with making toys for little kids

b. (Pottratz)

i. Just finished reading a book in Spanish 2. The students have been doing a good job and working hard. Spanish 1 is starting a family unit right now. CCR students are doing college applications, career searching, etc. depending on the students' needs.

c. (Matuseski)

i. Has been busy getting new students assigned into math classes and having them tested with RtI. Smartboard projector has been installed and working. There is going to be a dance after school on January 10th, second Thursday back after break. The DJ will come in during 8th period music class to demonstrate how to use the professional DJ equipment and then will stay after school for a few hours to have a dance. Liz is working on getting subway subs. Some students want to raise money and have a snack bar. The dance will be held in the lunchroom upstairs.

d. (Hacker)

i. Brittany- A lot of new CNX students have been enrolled, as well as some CFT students have started doing half day in CNX to catch up on Math and Reading in the afternoons.

8.. Proposed Board Actions

a. Approval of Family Medical Leave Plan

i. Bart makes motion to approve the Family Medical Leave act , Annie approves

Discussion: This was debated quite a bit at the partnership- mainly regarding whether or not this would become a policy in the future. It was said that we are approving this as a one time policy, however once it goes into practice it will become a permanent policy. This would be something which would need to be built into the budget in the future and also a policy which will need to go into the employee handbook. Other issues that came up- what if the pregnancy happens in the summer, what if it's adoption and what if it's a male. While this is all is a bigger issue which will be looked at at a further date, today we are just looking at this policy to see if it will work for this particular leave. This seems to be similar to what other schools are doing.

All in favor- All

Opposed- None

Motion carries

b. Approval of Revised Budget

i. Looks like changes for family medical leave have not been added into the budget. Don't know the exact numbers but it will be around \$7500. Feel that we should wait and approve the budget in January once the family medical leave act is added.

ii. Changes have all been explained previously

iii. Bart makes motion that we approve the working budget as the revised budget. Tom Seconds. No Discussion.

All in favor: ALL, All Opposed: None.

Motion Carries

c. Executive Team Evaluations

i. Jess: Moves to start a committee regarding Executive Team Evaluations

Bart: Seconds

ii. Discussion: Exec. Team Evaluations should be done Midyear and End of Year. Last year it was created online with SurveyMonkey and all staff did the evaluations. Would like to form a committee to start looking at the evaluations and the evaluation process. Last year the committee was 5-6 people, some inside directors, possibly an outside committee, and some people who were not on board but were on partnership. These evaluations would be on Executive Teacher, Lead Teacher, and Operations Manager. The committee will be the Executive Team, Laura, Jess, Annie, and some volunteers from the partnership meeting.

d. Approve Executive Team Position for Interim Positions

i. Bart moves that the AFA Board of Director hire Mr. Bart Johnson and Ms. Heidi Anderson in the positions of Executive Director and Lead Teacher respectively.

ii. Discussion: (Johnson)

Bart expressed that he would like the job as the Executive Director. He feels that the executive team is doing a good job and that they are delivering the results which the board was looking for last year. He realizes that we did say we were going to re-post the position in January and so if the board decides not to approve this then we need to start the hiring process very soon. He states accomplishments from this year which include having had a very challenging year with the interim process, dealing with resignations over the summer which were time consuming and overwhelming, and preemptively decided we need to hire a special education coordinator. Now because of our past practices we went from 14 special ed students to 50 students, so the coordinator has been a huge improvement. He states that he wrote Title 1 grant and Title 2 grant, and brought in revenue from that. The Social Worker was

hired and he feels that has made a huge positive impact on the school. He feels that Heidi is doing a great job as lead teacher and that Bart and Heidi work very well together, complement each other and share responsibilities. He explained that he understand the mission and vision of the school better than anyone we could bring in, and feels the Executive Team is very hardworking and transparent in everything they do. He feels that his work is very straightforward. The annual report is done and was very descriptive. The 990 is in, the assurance of compliance is done, and the audit is done. Recruiting which is overseen directly by Bart with help from Heidi and Kelsey, is going well. Our school brochure is being done in Spanish, Somali, and Hmong for next year. He can see results in enrollment and ADM on a daily basis. The school is in a great position and a lot of that can be attributed to the work the executive team has done together. In our original posting the board wanted someone to come and take up the school finances, and maintain or improve them, as well as to stop selling receivables, which is what he is doing. The school is more focused on pedagogy, improving literacy and numeracy, streamlined what we do here. 14 students retook grad writing and passed in November.

iii. Discussion (Perreault)

Kelsey talked with the Human Resources department at Paychex and asked them about our situation and they told her that there are no legal restraints against offering the positions full time instead of interim. They said it would be best practice to re-post but you would not need to.

iv. Discussion (Niemand)

This issue of offering full time positions was brought up at the partnership meeting and they said: Bart and Heidi are doing fine work, they're happy with leadership improvement, some would like to explore to see what is out there, wouldn't hurt to post to public, losing staff or turnover in staff could negatively affect environment, concern over whether or not AFA would pay for schooling for the new staff members. Have not done the evaluations yet. Expectations of the staff are really high right now, staff morale is lower than it ever has been before.

v. Discussion (Curtis)

Joan stated that the idea of seeing what's out there is not a good one. What's on paper and in job never match up, it's unfair to the population that is out there applying, and it's a lot of unnecessary work.

vi. Bart and Heidi were asked to leave the room. Discussion took place.

vii. Annie Grugel made a motion to split the decision into looking at creating a permanent position for Lead Teacher and permanent position for Executive Director as separate items. Tom Seconds. Motion carries.

viii. Tom makes a motion to move Bart to permanent Executive Director. Laura seconded. No longer interim for the remainder of this year, will be offered a permanent position for next year. Motion carries.

ix. Tom makes motion to move Heidi to Permanent Lead Teacher Position. Jess seconds. Discussion- decide to table this.

Other business: Ms. Beeth, Ms. Hageness, Ms. Pottratz, and Ms. Hacker reelected
Finance Committee meeting Friday, January 4th at 8 am
Personnel Committee: Friday, January 4th at 9 am