



FINANCE ADVISORY COMMITTEE MEETING MINUTES
September 8, 2017 - 8:00 a.m.

Committee Members Present: Art Chase, Stan Johnson, Steve Ruddell, and Mick Souder

Board Members Present: Nancy Stubbs

DAAC Members Present: None

Durango School District 9-R Staff Present: Andy Burns, Jennifer Macho-Seekins, Carla Hotter, and Marty Kay Hutton

- I. Call to Order** – After a quorum was established, the meeting was called to order at 8:05 a.m. by Mr. Steve Ruddell who served as chair.
- II. Introductions** – Ms. Cheryl Wiescamp, a FAC seat applicant, was introduced to the membership.
- III. Approval of the Agenda** – Mr. Stan Johnson made a motion to approve the agenda; seconded by Mr. Mick Souder. Approved.
- IV. Approval of June 16, 2017, Meeting Minutes** – A motion was made by Mr. Souder to approve the minutes; seconded by Mr. Johnson. Approved.
- V. Monthly Financial Review** - Ms. Jennifer Macho-Seekins reminded the membership that traditionally no monthly financials are presented until the October FAC meeting. Ms. Macho-Seekins, however, was able to provide a high-level financial document to review with the membership and highlighted the following:

General Fund - While the District is optimistic about the General Fund, Ms. Macho-Seekins is not sure that the increase of \$2M in the fund balance will remain, since the District is still in the process of reviewing the trial balance.

Interscholastic Fund - In the June 2017 Board Meeting, the District bumped up the amount of the transfer from the General Fund which helped in ending with a positive fund balance.

Capital Projects Fund - Funds were moved into Capital Projects at the June 2017 Board Meeting for additional projects in 2017-18. Monies for projects that were approved, but not completed in 2016-17, were carried over to 2017-18.

After School Enrichment Program - Kids Camp has been a challenge for the District as it is not self-sustaining. The District received money from the Sunnyside PTA and the money was booked into a pre-paid balance sheet. The agreement was if the program at Sunnyside would run at a gain, the District would return the money; if it ran at a loss, the District would keep it. It is projected the after school program at Sunnyside has experienced a loss for 2016-2017.

Health Insurance Fund - Expenditures were higher than expected in this fund. The District has not booked the incurred but not paid claims yet and is working on receiving the report from Anthem/Blue Cross. Last year, the amount was \$600K, so the District will need to watch this fund closely.

Board Policy requires that the District maintains 15% in fund balance, currently it is now at 18%. There are instructional and technology needs in the District and Mr. Andy Burns asked for the Committee's thought about maintaining a certain amount of fund balance. Consensus was 15%, if it can be maintained.

A question was raised about the District's fundraising efforts for the DHS field. Ms. Macho-Seekins acknowledged that the District did not raise as much as it anticipated in either the scoreboard or stadium donations. \$85K was raised, instead of the expected \$213K.

VI. NEW BUSINESS

Interviews (New FAC Members) - Two candidates submitted their applications for consideration and both were invited to interview. One candidate (Ms. Cheryl Weiscamp) was present, was interviewed, and was seated as the Committee's newest member.

Co-Chair Availability - Mr. Ruddell and Mr. Art Chase will serve as co-chairs for the membership this year and it was decided that future FAC meetings will be changed to 7:30 a.m. (instead of 8:00 a.m.).

Finance Personnel Update - Ms. Macho-Seekins announced changes in the Finance Department. Ms. Dana Fetterman retired in June 2017 as the District's payroll coordinator. Ms. Kira Horenn was hired as a staff accountant, but assumed the temporary role as payroll specialist until a new payroll person could be hired. The position of Payroll & Benefits Coordinator was offered and accepted by Ms. Becky Coumerilh. Ms. Jennifer Mioni was offered the newly created position of Fixed Assets and Purchasing Coordinator, and accepted it. In addition to these changes in personnel, Ms. Carla Hotter has expressed her interest in retiring effective January 2018, with her last day being December 31, 2017. The District is asking Ms. Hotter to stay longer, if possible.

Budget Update - Ms. Macho-Seekins presented an overview of the budget.

- **Executive Summary** - There is no change in the Executive Summary for 2017-18.
- **Projection of Fund Balance** - It appears that the District will have more fund balance to roll forward than was projected, but there are a number of needs --- technology, the need to be more competitive with salaries, and the long-term planning for facility repairs. Last year, licensed salary schedules were renegotiated. This year, the focus will be on support staff salaries.
- **3A Proceeds** - During the 17-18 budget year, the District is looking to attract and retain its employees. Mr. Snowberger wanted to point out that the District collected \$1.7M last Spring from Mill Levy funds and the District moved \$500K to Facilities to get a jump start on projects. The fund balance of \$1.1M is because of the Mill Levy. The Board will be asked for its opinion about potential investments using the funds.
- **DEA/DESPA Salary Schedules** - Last year the DEA negotiation team raised the starting salary of a new teacher to \$40K. This year, the same process will be used for the DESPA negotiations as last year's DEA negotiations. The DESPA Master Agreement will be sunsetted.

At the District's next Professional Development Day (Monday, September 11, 2017), support staff members will be provided with an overview of the process and will be requested to take a survey regarding salaries. The goal is to receive strong recommendations for this year-long process and discover more pathways for the career advancement of support staff. At present, if a support staff member receives 90 hours of additional training (with supervisor approval), they will be eligible to receive a \$0.50/hr increase in their salary.

- **PARA Increase** - Mr. Burns provided an overview concerning the District's paraprofessionals (PARAs). PARAs are broken into three groups (PARA 1, PARA 2 and PARA 3). PARA 1s assist students by providing reading support, while PARA 2 and 3s provide service to resource students. PARA responsibilities are huge, but their pay rate isn't commensurate with the responsibilities. \$12.05/hr is too low for a PARA 3. For a short-term solution, the District will increase the salaries of its PARAs by \$0.50, \$0.75, and \$1.00, respectively. These increases will start to appear on PARA paychecks in September. The starting rate of pay for a PARA 3 will now be \$13.55/hr.

Mr. Snowberger advised that there has been a change to another job family in the District --- custodial staff. The District previously required custodians to be high school graduates. Custodians need basic skills, but high school diplomas are no longer necessary to work for the District. Dropping this requirement will hopefully attract more custodial candidates. The District continues to utilize

Elwood Staffing for some of its custodial needs. Additionally, student cleaners have also been added to the custodial staff, which is beneficial to the student by helping them prepare for the job market and they help the District by filling some of their custodial needs.

- **Health Insurance** - As Ms. Macho-Seekins previously stated, the District will be closely monitoring this fund.

Moody's Rating Update - Ms. Macho-Seekins, Mr. Burns, Mr. Snowberger, and Mr. Dan O'Connell from RBC (the District's bond advisor) took a phone call with Moody's. The District's rating was downgraded to an AA3 (from a AA2) due to issues beyond the District's control --- the PERA liability and the gas industry decline. Mr. Snowberger shared that during the phone call, the Moody's representatives were positive. The District no longer has deficit spending and it has a stable/growing population.

State senators are very concerned about PERA. The District previously paid 10% of an employee's retirement; it is now paying 20%. As of January 1st, the District will pay 21% for every employee. It may be necessary to have employees contribute more toward these funds. It appears that every employer in Colorado with a PERA liability has been downgraded. Mr. Snowberger will send the membership the 7/17/17 Moody's PERA Analysis. The District will need a bond, and Mr. Snowberger will bring this up to the Board. It would be helpful to find out the fiscal impact between a AA2 to AA3 rating.

DAAC Liaison - FAC members were assigned specific DAAC meetings to attend throughout the 2017-18 school year.

VI. OLD BUSINESS

Correction Plan Monthly Update - Ms. Macho-Seekins provided a quick overview. The Finance Department is continuing to look at its internal control. One of the FAC Charges is to review the Finance Policies and Procedures document. Next month, Ms. Macho-Seekins will provide a guideline of what is needed from FAC when reviewing the policies and procedures document.

Audit - Preparations for the annual audit are underway. Ms. Macho-Seekins supplied an audit checklist that indicates the outstanding items the Finance Department must provide by specific deadline dates. She is working to upload information into the data pipeline by September 15th and clear as many errors and warnings as possible. When the auditors are in-house, they can be assured that the trial balance and the financial statements are 95% complete. There might be tweaks needed, but they'll know that once those changes occur it will be easy to go back through the pipeline.

FAC Charges 2017-18 - FAC Charges will be a standing agenda item at each FAC meeting.

VIII. ANNOUNCEMENTS

The next regular FAC Meeting will be held on Friday, October 13, 2017, at 8:00 a.m. in the 9-R Administration Conference Room.

The next DAAC Meeting will be held on Wednesday, September 27, 2017, in the 9-R Administration Board Room, at 5:30 p.m. FAC will be represented by Steve Ruddell.

The next regular Board Meeting is scheduled to be held on Tuesday, September 19, 2017, at 5:30 p.m. in the 9-R Administration Building Board Room.

The meeting was adjourned at 9:35 a.m.

Steve Ruddell
Finance Advisory Committee Co-Chair

Marty Kay Hutton, Secretary
Sr. Admin. Asst. to the Director of Finance