



**FINANCE ADVISORY COMMITTEE MEETING MINUTES
December 8, 2017 - 7:30 a.m.**

Committee Members Present: John Gillam, Stan Johnson, Steve Ruddell, Mick Souder, and Cheryl Wiescamp

Board Members Present: Joe Kusar

DAAC Members Present: None

Durango School District 9-R Staff Present: Dan Snowberger, 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 7:32 a.m. by Mr. Steve Ruddell who served as chair.
- II. Introductions** – Ms. Janice Coleman from DESPA, Ms. Stephanie Snitselaar and Ms. Barb Wynn from DEA, Mr. Joe Kusar (9-R Board Member), Mr. Tim Zink, and Ms. Kim Temple (the District’s auditor from Wall Smith & Bateman from Alamosa, Colorado) were introduced to the membership.
- III. Approval of the Agenda** – After a brief discussion and the addition of an agenda item (FAC Member Search), Mr. Mick Souder made a motion to approve the agenda; seconded by Mr. John Gillam. Approved.
- IV. Approval of November 10, 2017, Meeting Minutes** – A motion was made by Mr. Mick Souder to approve the minutes; seconded by Mr. Stan Johnson. Approved.
- V. Monthly Financial Review (November 2017)** - Ms. Jennifer Macho-Seekins provided the membership with the review and highlighted the following:

General Fund - The General Fund’s YTD is approximately 12% since the District won’t collect property taxes until the months of February and March.

Interscholastic Fund - This fund is doing better than last year because of gate receipts. Money had been previously transferred from the General Fund.

Dental Insurance Fund - The District is monitoring this closely.

Health Insurance Fund - The District is also monitoring this fund closely. On Page 10, there is figure on the max out-of-pocket, showing the difference between the claims and how much more the District has remaining.

Ms. Macho-Seekins met with Durango Insurance to get additional preliminary information about where they expect the District will end up this year. They are being overly cautious and indicated that they expect it to pay the max out-of-pocket. This is due to the number of claims thus far, and the fact that the cost of healthcare is up 20% in the region.

As of January 1st, there will be only two providers in Colorado that will have independent plans, Anthem and Friday. It is anticipated that more dependents will join the plan. The District will hold its first Insurance Committee Meeting for this school year on December 14th, with equal representation from DEA, DESPA and administration.

VI. OLD BUSINESS

FAC Charges - Mr. Burns reported that the Board was asked for clarification concerning the charge to "review and comment on the Finance policy and procedures manual." After a discussion, the Board confirmed that its intent was to focus on the policies, not the procedures.

Audit Update - Ms. Kim Temple from Wall, Smith & Bateman provided the audit report to the membership. Each committee member had a copy of the audit in front of them to follow along with Ms. Temple's presentation. A copy of the audit will be posted to the District's website.

The auditors have issued an unmodified opinion. The Management's Discussion and Analysis (MD&A) is the narrative presentation of the information contained in the audit and provides good comparative information that is not audited.

The Statement of Net Position is on Page 1. The District ended the year with total assets of \$122M. The Deferred Outflow of Resources related to the pension was \$68M. Long-Term Liabilities are \$49M and the PERA Pension Liability is at \$176M. This leaves the District with total liability of \$233M. The Deferred Inflows of Resources is also related to the pension and is \$3.5M. The Total Net Position of the District is -\$46M.

The total expenses for the District was \$83M, which includes the adjustment for the PERA pension change and it also includes the depreciation expense on all the capital assets. Program revenues offset that at \$5.7. The General Revenue is \$55M, leaving a general change of net position of -\$22M.

Page 3 is the balance sheet for the Governmental Funds. Governmental Funds includes Food Service, Grant, Activities and Capital Projects funds. The District ended

the year with Total Assets of \$27M, Liabilities of \$6M, Deferred Inflows of Resources of \$634K, and a Total Fund Balance of \$20M.

Page 74 contains the Summary of Auditors' Results. As previously mentioned, the audit had an unmodified opinion on the financial statements. On the Federal Award side, the Child Nutrition Cluster was also audited. There were no findings with the Child Nutrition Cluster and the auditors issued an unmodified opinion on it. Material weaknesses and non-compliance, however, were noted during the audit of the financial statements.

The Finding of Internal Control Over Financial Reporting was a repeated finding from the previous year. The auditors identified that, "The District does not have a complete system of internal control over financial close and reporting processes to include segregation of duties and monitoring of year end accounting procedures."

In the Effect, there are a couple of areas of concern, but Ms. Temple stated that it was better than last year. However, the capital asset records were not accurately reconciled to include Fiscal Year 2017 activity when submitted for audit and the records were returned to management for correction during the audit. In addition, Fiscal Year 2017 supplemental budget resolutions adopted in June and October 2017 contained incorrect language. The District adopted correcting resolutions to supplemental budgets in November 2017.

The auditors' recommendation is that the District should develop government-wide and financial close accounting policies and procedures to include segregation of duties between preparation and review (always two people reviewing the items prior to submission), to ensure accurate financial statement and compliance with Colorado Budget Law.

There has been definite improvements to last year's Internal Control finding, but the auditors think there is still work to be done. Management has included a Corrective Action Plan that states the action it has taken to correct the finding.

Finance Policy Review (Annual Audit) - It had been previously discussed that the FAC will conduct a review of all finance policies. This meeting focused on the annual audit policy. Ms. Macho-Seekins said that she didn't think anything in the policy needs to be changed other than perhaps to clarify how many years should pass before the District goes through the RPF process for an auditor as well as other services (i.e. banks, attorneys, etc.).

A schedule of the policies to be reviewed will be submitted to FAC next month.

NEW BUSINESS

DAAC Meeting Report - Mr. Stan Johnson represented the FAC at last month's DAAC meeting and provided a report. The DAAC focused on the topic of school safety. Ms. Kathy Morris, the District's Safety Coordinator, presented at the DAAC

meeting and stated that there are seven new safety staff positions at the schools this year. They discussed surveillance at the middle schools and the door entry systems at the elementary schools. In addition, there is a new photo ID system for students that allow parents to track where their children are.

Safe2Tell is a system that allows individuals to anonymously text information about a safety concern. This information is forwarded directly to the police station. Recently there was an incident at the high school and confusing communication was sent out to parents about it. Communication surrounding this system will need to be improved.

The Student Services Department has been able to hire more staff to assist in the special education program. A recent program audit was conducted that indicated that there is a deficiency in the GT program.

Guests - DEA and DESPA Presidents - Ms. Janice Coleman (Treasurer) provided a DESPA report. Durango is unique in that it has its own support staff association. Currently, DESPA has 108 members, which indicates that 38% of the support staff are members of the association.

It was a rough start at the beginning of the year since the DESPA President resigned. Ms. Jennifer Latham has now taken the helm. The officers met as a group, set goals, and are going through negotiations training. A membership meeting is scheduled in January to discuss salary parity. Guidelines have been made for the committee to cover the topic.

Mr. Burns said DESPA leaders are visionary in terms of supporting its membership. The support leadership team has been identified and a mentoring program has been started to benefit the membership.

Ms. Stephanie Snitselaar, President of DEA, provided its report. There is a history of collaboration between the District and DEA and both parties worked hard to set up the new DEA compensation schedule. CEA also provided a lot of support. There are 230 DEA members, which indicates that 90% of the teaching staff are members of the association. Between the two associations in the District, membership is 60%.

The compensation system is an evolving document and each year during negotiations, the association will continue to refine it with collaborative input from the District and DEA. This year, PERA will be a focus. Additionally, DEA will have representatives serve on the Insurance Committee.

Recently, the association and key administrators presented its compensation work at the Colorado Association of School Boards (CASB). It was nice to have individuals on both sides asking for information about the work we have done in the District.

Community members also reach out to the association to see how the District is using its money, especially 3A money. Accountability and communication is key and more financial transparency is needed.

ESP Compensation - Due to time limitations, this agenda item will come back at next month's FAC Meeting. Mr. Andy Burns will provide the report.

Budget Update - Ms. Macho-Seekins said that the Budget Update will be brought to the FAC at next month's FAC Meeting. It will be taken to the Board on January 23, 2018.

Thank you, Carla Hotter! - Ms. Carla Hotter has taken the new Grants Fiscal Manager position and will now be supervised by Ms. Jackie Oros since most grants are student services related. The FAC thanked Ms. Hotter for her many years of dedicated service.

FAC Member Search - Mr. Tim Zink expressed his interest in taking over the seat vacated by Mr. Mick Souder (who was recently seated as a Board Member). Mr. John Gillam made a motion to accept Mr. Zink as the newest member of the FAC; seconded by Ms. Cheryl Wiescamp. Approved.

VIII. ANNOUNCEMENTS

The next regular FAC Meeting will be held on Friday, January 12, 2018, at 7:30 a.m. in the 9-R Administration Conference Room.

The next DAAC Meeting will be held on Wednesday, December 20, 2017, in Florida Mesa Elementary. FAC will be represented by Mr. Art Chase.

The next regular Board Meeting is scheduled to be held on Tuesday, December 12, 2017, at 5:30 p.m. in the 9-R Administration Building Board Room.

The meeting was adjourned at 9:00 a.m.

Steve Ruddell
Finance Advisory Committee Co-Chair

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