



**FINANCE ADVISORY COMMITTEE MEETING MINUTES**  
**November 10, 2017 - 7:30 a.m.**

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

**Board Members Present:** Nancy Stubbs

**DAAC Members Present:** Jessica Wheeler

**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** – Kim Temple, the District’s auditor from Wall Smith & Bateman from Alamosa, Colorado, was introduced to the membership.
- III. Approval of the Agenda** – Mr. John Gillam made a motion to approve the agenda; seconded by Mr. Stan Johnson. Approved.
- IV. Approval of October 13, 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 (October 2017)** - Ms. Jennifer Macho-Seekins provided the membership with the review and highlighted the following:

Although the expenditures for the Finance Department appears high, it is due to the Juniper School payments that are awaiting pass-through and the account codes are not yet set up. Also, Exceptional Student Services aka SPED is high until the movement of salaries and benefits for individuals who are funded through IDEA and Title 1. The District continues to finalize some of the salary movement for individuals who have moved from Student Services into Curriculum and Instruction, etc.

**General Fund** - The Interest on Investment fund shows an increase since there has been more cash-on-hand this year and interest monies the District has received from Colorado Trust has been higher than usual.

The contingency has been used for a couple of items, one of which was the Hermosa Meadows Road improvement. The District will be receiving a reimbursement check before December 31, 2017, from the Hermosa Meadows Improvement Corporation since the road came in under budget.

**Interscholastic Fund** - Gate receipts are up. The collections of fees increased due to a gate fees increase and the acceptance of credit cards.

**Debt Service Fund** - The District made its bond payment, which is reflected in the October statement.

**Dental Insurance Fund** - The District has collected more in premiums. Recently, Macho-Seekins met with Delta Dental and Durango Insurance; they indicated to her that the utilization of the plan by employees (dental cleaning, routine maintenance) is where it should be and the District is doing well with its revenue-to-claim ratios.

**Health Insurance Fund** - The District will continue to watch this fund closely as claims are higher than usual. The Insurance Committee will once again be engaged to help determine where premiums need to be, and this issue will also be considered during the budget revision.

## **VI. OLD BUSINESS**

**FAC Charges** - At last month's meeting, the Committee discussed its Charges and decided that they should advise on the financial policies, but not on the day-to-day procedures of the Finance Department. The language on the Charges was revised and will be taken to the Board at the next board meeting.

Mr. Ruddell questioned whether the FAC was fulfilling all of its requirements as outlined in the standing document BC-04. For example, paragraph iii of BC-04 refers to FAC putting a committee together to assist in strategic analysis. This is something that does not happen on an annual basis. Perhaps this should be an addendum item.

Superintendent Dan Snowberger acknowledged that the Board could tighten up the language in BC-04 to clarify the role of the FAC. FAC should serve as a monitoring body for the Board.

Mr. John Gillam made a motion that the Board review BC-04 and the FAC Charges to provide the FAC with clear direction; seconded by Mr. Johnson. Accepted.

**Audit Update** - Kim Temple from Wall, Smith & Bateman reported that the auditors are wrapping up the final phases of its field work. She had hoped to give a draft of the financial statements to the FAC today, but there are still a couple of items that are needed before they can provide it. The remaining needed information is limited to the government-wide financial statements.

The auditors have completed most of the audit work on the federal award program. The Food Service funds were audited and there are no findings in that program. This will probably be the last year they will be looking at that program, as the IDEA money will be the primary focus in the future. As with all new programs, there are many compliance requirements and there are new uniform guidance requirements that will come into play.

Last year, there was one finding that was material weakness in the financial close and reporting process. The financial close and reporting process affects mostly the government-wide financial statements. The day-to-day budget reporting is correct and the funds are in really good shape. The areas that are being worked on are the capital assets, which is a huge undertaking. The Finance Department has a new accountant specifically tasked with being in charge of capital assets reconciliations, but it's a work in progress.

The other area the auditors are working on is equity or Fund Balance allocations. Approximately four or five years ago, GASB 54 came out and broke out the fund balances into nonspendable, restricted for a particular purpose, committed, assigned, and unassigned accounts to prevent districts from authorizing use of fund balance when the components of the money are set aside for different purposes. Those classifications are still relatively new, but the monitoring of them and clearing them out at the end of the year are still being worked on with Ms. Macho-Seekins.

Findings in the management letter are relatively general. Through the years, the Superintendent has asked to provide more details to the FAC regarding what are the internal control issues that caused the bigger issues. Last year's management letter focused on the capital asset tracking and the grant tracking issues, but improvements have been made this year.

The auditors are awaiting few items to wrap up the audit (intro section, statistical section, MD&A). The District is confirming final numbers before they can be presented to the auditors. The CDE recommends that a district's audit not be conducted before the audit edit checks are completed through the data pipeline. Ms. Macho-Seekins has gone through the edit checks process already. It is anticipated that the audit will be concluded by the end of the month.

The change in fund balance is as follows:

- The General Fund increased the fund balance by \$779K, with an ending fund balance of \$8.3M. The Mill Levy override helped with the balance and those funds were transferred to other funds to be allocated to certain projects.
- The Debt Service fund is close to a breakeven with a \$25K increase with the ending fund balance of \$10M.
- The Food Service fund had an increase of \$40K, but that with a subsidy from the General Fund.

- The Grant Fund - \$1.6M was run in and out of this fund this year. It is designed to be a breakeven fund. Everything that comes into this fund should already be spent.
- The Activity Fund has \$3K, but it is completely subsidized with \$1M transferred into it.
- The Capital Projects fund decreased by \$600K, by design with the stadium project. \$1.5M is available.
- The After School Enrichment fund has decreased by \$7K. There is no fund balance at the end of the year.
- The Dental fund had a \$56K increase.
- The Health fund had a \$649K decrease. There is \$2.5M set aside for the operation of those internal service funds.

Ms. Temple will join the FAC electronically next month to present her final report.

## **NEW BUSINESS**

**DAAC Meeting Report** - Mick Souder represented the FAC at last month's DAAC meeting and Ms. Jessica Wheeler provided a brief report of the October 25th meeting. Ms. Jackie Oros has done a great job of recruiting for the DAAC this year. As a result, meeting attendance has been strong. The focus of the October meeting was competency-based learning and how it assists teachers through its vertical alignment (knowing what their students have learned in previous grades). Mathematics has been identified as an area needing improvement in the District and the DAAC discussed the issue. Mr. Snowberger presented a Mill Levy overview to the committee. Ms. Wheeler urged anyone who is interested on learning more about the DAAC, to attend its meetings. All are welcome.

**Facility Request** - Ms. Marty Kay Hutton indicated that facility rentals are steady. So far this year, 138 requests have been received by outside entities for facility rentals through the District's online reservation portal. Of these requests, many are multiple reservations (i.e. one request for 8 Mondays, etc.). In addition to District facilities being used, many times (mostly off-hours) there are custodial, kitchen, or security staff members that have to be brought in (and paid) to assist during a rental.

Mr. Andy Burns stated that the District and the City of Durango are working through a new inter-governmental agreement concerning facility rentals. The old agreement was from 1999, but it doesn't capture many of the needs the District has concerning staff costs incurred when the facility is rented. Currently, Parks & Rec pays \$9/hr for use of an indoor facility, but that doesn't cover the District's costs. The District is requesting a parity agreement with The City.

In the past, building rental income were deposited into the building's revenue account. Going forward, the building rental net income will be split 50/50 between the building and Administration.

Mr. Snowberger shared with the Committee that the District has had challenges around Miller Middle School when the addition of a bike lane was added on Junction Creek Road. With the addition of the bike lane, over 40 parking spaces were removed, making it difficult for people visiting the school. Neighbors are frustrated and do not want the District to use their parking spaces (either in front of their homes or in their parking lots). The District has requested special event parking from the City (for Open Houses or other school-sponsored events), but requests have been denied. Hopefully this will change in the near future.

**New FAC Members Search** - Mr. Burns reported that the FAC is still in need of an additional member with the seating of Mick Souder to the Board in December. He has worked with retirees on the Hermosa Meadows Road project and will reach out to them to see if they would be willing to serve. He asked that the committee continue to reach out to their colleagues and friends for possible consideration.

### **VIII. ANNOUNCEMENTS**

The next regular FAC Meeting will be held on Friday, December 8, 2017, at 7:30 a.m. in the 9-R Administration Conference Room.

The next DAAC Meeting will be held on Wednesday, November 29, 2017, in Miller Middle School. FAC will be represented by Mr. Stan Johnson.

The next regular Board Meeting is scheduled to be held on Tuesday, November 14, 2017, at 5:30 p.m. in the 9-R Administration Building Board Room.

The meeting was adjourned at 8:45 a.m.

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Steve Ruddell  
Finance Advisory Committee Co-Chair

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