



FINANCE ADVISORY COMMITTEE MEETING MINUTES

June 14, 2018 - 7:30 a.m.

Committee Members Present: John Gillam, Stan Johnson, Steve Ruddell, Cheryl Wiescamp, Tim Zink

Board Members Present: Joe Kusar

DAAC Members Present: None

Durango School District 9-R Staff Present: Dan Snowberger, Andy Burns, Samantha Gallagher, Carla Hotter, and Kira Horenn

- I. **Call to Order** – After a quorum was established, the meeting was called to order at 8:02 a.m. by Mr. Ruddell who served as chair.
- II. **Introductions** – None
 - Public Comment – None
- III. **Approval of the Agenda** – Mr. Ruddell made a motion to approve the agenda; seconded by Mr. Kusar and Mr. Johnson. Approved.
- IV. **Approval of Previous Meeting Minutes: May 11, 2018** – A motion was made by Mr. Ruddell to approve the minutes; seconded by Mr. Kusar and Ms. Wiescamp. Approved.
- V. **Long Range Planning Committee** – Scheduled for June 21st, 2018 at 12:30pm – 2:00pm in the Board Room. Dan O'Connell from RBC will be coming to speak to the group. A series of bonds are set to retire so Dan will discuss the timing, should we decide to go to the voters. There has been an increase in the younger population ages 25-40 mainly in the Three Springs area, Florida Road, Edgemont, and also in the City of Durango. There will be a potential in the Three Springs area for a new school location.
- VI. **Monthly Financial Review - April Financials** – Mrs. Gallagher provided the monthly review. The following was highlighted:

General Fund – Revenue is trending good and on track to hit amended budget or be right under it. Mr. Ruddell had questions about growth on the district side and online school. This will be discussed in the budget.

 - 10 fund – Mrs. Gallagher stated that it does not look like there will be any issues over spending this year. In fact, we are trending to underspend and will not spend down the fund balance. The target fund balance for the annual general fund revenue is inconstant between policies. The committee agreed to change from 10% to 15%.
 - Food service fund – Trending very well, no issues noted.
 - Interscholastic – Mrs. Gallagher stated that an Interfund transfer from the general fund will need to be done in order to stay out of deficit due to an over spend of an

estimated \$82,000-\$97,000. A large portion of this overspend is partially due to changes in the coaching salaries and travel expenditures when teams do well and travel more. Steve mentioned gas prices perhaps taking effect on this as well. This plan will be addressed for next year to prevent this.

- Debt Service Fund – Doing great, no issues noted.
- Capital Projects – Point of note is that we have received \$180,649 in school dedication fees but it is actually the Tribal Pelt money. We have billed for school dedication fees totaling \$172,000 that we are expecting to receive in the current fiscal year: \$14,000 from the county and \$158,000 from the city. The plan for the excess generation in the balance increase of the general fund is to transfer it into this fund in preparation for upcoming projects.
- Kids Camp Fund 56– This fund is anticipated to end in a deficit of \$45,000 and we will increase interfund transfer from general fund to offset this deficit spend. The Board approved rate increases to help lower the deficit for the next year.
- Dental Fund 63 – Doing well, no issues noted.
- Health Insurance Fund – This fund is being depleted at a higher rate than the amount of premiums collected. A premium increase is in consideration to save money and maintain this fund along with further education to employees. Mrs. Gallagher did not have a report on possible claims for this month but will at a later date.
- 12 fund – “Slush fund” for schools to be able to carry forward monies, no issues noted.
- Grant Fund – Doing well, no issues noted.

VII. OLD BUSINESS

A. FAC Charges/BCO4 – Committee asked that this item be an ongoing agenda item in Old Business. Discussion on this item was as follows:

- Andy – We will eliminate the charges document and incorporate that document into the functions of financial oversight. He stated we would like to streamline the process and reduce the number of documents, therefore reducing inconsistency. A prudent course of action, at least in the short term, will be to address our compliance with the written indicators and ensure that we are addressing concerns from the FAC committee.
- Steve – Discussed the confusion of seeing the charges on the website, in the charges section, and BCO4. He wanted to clarify that all of this would become one document as part of additional charges on BCO4. Concern was also expressed that we are not in compliance with the appropriate schedule of tasks according to Operational expectations, meeting frequency, reporting frequency, reviewing/revising policies, etc. Major effort needs to go into revising these documents on a yearly basis and this is an item that needs to be written into the agenda each meeting. The timing aspect of this discussion that is given in the document is based on the budget and the auditors. Based on this schedule, FAC will need to see documents before the meeting that is designated to cover that document. A recommendation was made about the timing of information and that it be presented to FAC as that information is coming in. Mrs. Gallagher agreed.

- Cheryl – Reports should be a high level view of what is going on and assure the Board and FAC that controls are in place and things are going well.
- B. FAC Membership** – Mr. Burns addressed that we have three terms expiring: Stan Johnson, Steve Ruddell, and Tim Zink. They are all interested in continuing their membership roles and we have made a community outreach with no other interested parties. Our recommendation is to keep Mr. Johnson, Mr. Ruddell, and Mr. Zink to re-up their service for another 2 year terms. Mr. Gillam motioned to approve these members as continuing FAC chairs with a second by Steve and the rest of the members present. Approved.
- C. 2018-19 FAC Meeting Dates and Times- Two changes** – A proposal was made to move the FAC Meetings to the third Friday of the month and change the meeting time to 8:00am instead of 7:30am. Mr. Kusar motion to approve with a second by Ruddell and Gillam. Approved.
- D. Financial Policies and Procedures Schedule** – Samantha addressed that this schedule will be revised to move the meetings later and begin after the audit. The first review would be moved from August to October, to include OE's and will be issued to FAC once revised. The schedule will then shift to the month ahead, such as October's meeting will be in November, November in December, and so forth. Samantha proposes that she drafts up her proposed changes to these policies ahead of time and discuss any changes or shifts during those meetings.

VIII. NEW BUSINESS

- A. DAAC Report** – Stan attended the DAAC meeting and reported that the DAAC is working on updating their schedule and possible changes to their dates as well. He challenged the DAAC to send a representative here, as a way to reach out to the public. An elementary teacher was seeing huge increase in social behavior issues. AVE put together a reflection room and apparently it is working out great. There is also a running group at AVE which seems to be working out great also. School safety was brought up as parents needing to understand what is going on with school safety. Sunnyside was brought up due to its dangerous entrance and exit. CDOT is looking into these concerns for 2020.
- B. Monthly to Quarterly Financials** – The state used to require monthly financial reporting to the Board but this changed about 12 years ago. Samantha proposed that we move to quarterly financial presentations to the Board as well as change in format. Everyone is open to change in format, but would still like the monthly reports in FAC and is open to the Quarterly at the Board.
- C. FY 2018-19 Budget Update** – From the last meeting, we didn't get in the budget too much.
- The funded pupil count for the Online Multi District Pupil Count, Connections academy, is going up substantially. Dan suggested that in order to eliminate confusion about the naming, to put Connections Academy in parenthesis after the online pupil count to clear up which school this is related to. Committee agreed.
 - There has been a huge increase from the current year in sending out free/reduced lunch applications to parents. Unfortunately, since these are online students, the parents do not feel that this should impact them because these kids are eating at home and do not fill out the applications. This percentage of free and reduced lunch kids drops down, causing the district to appear that we have less low income families, and drops our funding. The current student count on free/reduced lunches is 20% for

Connections Academy (FRL) and 31% for district wide, which is still about 10% lower than our population of low income families currently enrolled. Connections academy works with Durango and Mapleton districts and Mr. Snowberger is in conversations to make sure we aren't being penalized financially from their FRL and SPED if Mapleton decides to eliminate their contract with Connections Academy after the 18-19 school year.

- One time rural money – If we experienced rapid growth with connections and we could be thrown out of the threshold to receive that money which could potentially be \$830,000 for next school year.
- High level – Samantha addressed that we need to adjust the 10% to 15% of general fund. Dan stated that the Board policy is 15%. He also added a component demonstrating the percent of general fund without CCA.
- Our equalization is increasing due to the increase in enrollment, there is an increase in general fund transfers to previously discussed funds, and other local revenue increased as well because of our early childhood center developing at DHS and that this will be billed to the employees not provided as a free service. The major change was minimizing class size for mill levy by increasing teachers. The dollar amounts went from \$0 last year to \$889,000 this year. Also, social/emotional faculty has increased to address the needs for this program.
- Other charges – This consists of the contingency and reserve funds, but hopefully we will not have to use this. There is a \$500 supplemental stipend that will be issued to licensed staff members as support to transition into the new salary schedule. There was a \$35,000 increase to the contingency fund to help covered this stipend.
- Student Activity Fund A1 – Nothing to report, no issues noted.
- Food Service Fund A2 – There will be an adjustment to the ending fund balance \$169,392 instead of \$109,392.
- Grand Services Fund A4 – As we have discussed the stadium lease, in previous years this has been paid out of capital projects. The total fundraising to help make these payments has raised \$11,000 this year. An Interscholastic transfer of \$100,000 will be done, which then the payment will come out of that fund to help encourage fundraising acts.
- Debt Service Fund A5 – Nothing to report, no issues noted.
- Fund 43 A6 – Transfer to interscholastic and general fund increase.
- After School Enrichment Fund A7 – Transfer from General fund \$30,000 in anticipation for better collections for charges for services and control measures for salaries and benefits.
- Dental Insurance A8 – Nothing to report, no issues noted.
- Health Insurance A9 – There was an increase in 5.5 million dollars in the proposed budget, \$40 per employee. Claims 5.5 million estimated. We have bids out for our health insurance brokers in hopes to see what other options there are to help us maintain our fund balance.
- Student Activity Fund 74 – The primary purpose is sports where students pay a fee and that revenue that will go directly to them for their activities. .
- Fund 12 and Fund 10 will roll together. An adjustment will be made to the name and will be reported together.

- The DEA Master agreement made and increase in salaries of \$85,000. Adjustments have been made to ensure that we will not have to make cuts.
- PERA Contribution increase – Change will be in effect as of July 1st of 2019. The increase will be a 0.25% increase from the employer and a 0.5% increase from the employee.

D. Preparation for FAC Presentation at June Board Meeting – The FAC committee was asked if they had any concerns regarding the budget prior to Board submission. Mr. Kusar had no concerns and agreed with the budget; Mr. Zink stated that the medical budget is still a concern but was handled appropriately in the budget; Mr. Johnson stated long term concerns about deferred maintenance and capital projects. Dan wanted to reiterate that there will be a more significant addition to the capital projects fund due to the excess we will have in the amount of around \$850,000. While there were some concerns over the budget, the overall consensus was that they were addressed appropriately in the new budget and are being handled.

IX. ANNOUNCEMENTS

- A Social Event for the FAC, Board, and the Staff will be on Saturday June 23rd at 4:30pm. An invitation will be sent out with directions.
- The next regular FAC Meeting will be held on Friday, September 21st, 2018, at 8:00 a.m. in the 9-R Administration Conference Room.
- The next DAAC Meeting will be held on Wednesday, September 26th, 2018, at 5:30 p.m. at Sunnyside Elementary School.
- The next regular Board Meeting is scheduled to be held on Tuesday, June 19th, 2018, at 5:30 p.m. in the 9-R Administration Building Board Room.

X. The meeting was adjourned at 10:00 a.m.

Art Chase/Steve Ruddell
Finance Advisory Committee Co-Chair

Kira Horenn
Lead Accountant