



Finance Advisory Committee Meeting Minutes Friday, September 21st, 2018

Members Present: Samantha Gallagher, Andy Burns, Liane Jollon (Candidate for FAC – Executive Director of San Juan Basin Health), Cheryl Wiescamp, Tim Zink, Art Chase, Mick Souder, Stan Johnson, Kira Horenn, Dan Snowberger.

I. Call to Order – After a quorum was established, the meeting was called to order at 8:05am by Samantha.

II. Approval of Agenda – Cheryl motioned to approve the agenda, second by Stan. Approved.

III. Approval of Previous Minutes: June 14th, 2018 – Cheryl motioned to approve the previous minutes with a second by Tim. Approved.

IV. Introductions

- **Public Comments – None**
- **New Finance Sr. Admin Assistant, Rachel Thames** – Samantha introduced Rachel as the newest member to the finance department. Andy also wanted to introduce Liane Jollon as the Executive Director from San Juan Basin health as a candidate for the FAC committee.

V. Old Business

A. FAC Charges/BC04 – See previous minutes VII. A.

Samantha discussed the changes to the BCO4 from the August Board meeting and requested approval from the FAC committee to move from monthly financial reporting to the quarterly reporting in FAC as stated in the BCO4 section 3.A. Cheryl motioned to approve the move from monthly financials reporting to quarterly reporting with a second from Tim. Approved.

Andy discussed that section 4.B.ii., Health Insurance, was added by the Board's recommendation as well.

Mick stated that Section C.1. is a long term item.

Samantha stated that there is also a change to membership this month.

B. Policy and Procedure Review – Samantha

- Suggestions for review schedule – Review 2-3 policies per month beginning in October.

Samantha presented 3 policies for review in October: Annual Budget; Determination of Budget Priorities; and Annual Audit. These are being presented to the committee to review prior to the October FAC Meeting. Rachel will ensure the FAC committee is presented with the policies ahead of time and the FAC committee agreed that they would provide input on the policies presented today, by noon on Friday October 5th for changes to be made and presented at the October 19th, FAC meeting. Rachel will send out the policy review schedule by Monday 9/24/2018.

- Proposal of new Federal Procurement policies.

Samantha presented these new policies to the FAC members for review: Federal Fiscal Compliance and Federal Procurement. These policies are set for review by the Board this week and are mandated federally. She asked the committee to review and provide any input. There is also consideration that we will roll our existing Bid Policy into the Federal Procurement policy. Andy asked if after presentation of policies, the FAC have 2 weeks to provide input and they will be reminded by email. Committee approved.

VI. Long Range Planning – There was an article in the Durango Herald about Al Harper expressing interest in purchasing the district building. The Long Range Planning Committee has been meeting since March to address our projects and the possibility of a 5 year project plan to set aside monies for annual preventative maintenance projects. We have very aging facilities and need to ensure that we are doing the upkeep to maintain their functional use. A couple bonds will be paid in the next couple years and we will be able to go to the voters possibly in 2019 for capital projects bonds campaign. The leading approach currently is to sell the district administration building, move administration to Escalante, and move Escalante to a future Three Springs location. Discussion was also made that Florida Mesa Elementary school could be a good use for commercial development. Tim and the Development Committee have already looked at 40 acres in the Three Springs area. This will be included in an October discussion to gather recommendations from FAC and then to the Board in November and December. Dan – there is a restriction in front of the Big Picture High School that belongs to the Elks and was stipulated that it could not be sold without the Elks’ permission. Amendment 73 is on the ballot for this year and would greatly benefit the district. This amendment will not affect taxes for 97% of the La Plata County residents, but will increase taxes for businesses. It would require approval from 55% of the voters and would generate about \$8 million a year for the district.

VII. New Business

Updates

- **Audit** – Samantha

We are on track to present to board in October. Samantha went over the draft financials and wanted to remind everyone that this was not the final report that will be presented to the Board. Samantha also proposed the new format change. The consensus of the members agreed with the change. Approved.

General Fund

Fund 12 Donation – This fund was over spend by \$29,926 as listed in the Net Change in Fund Balance portion of the report.

Expenditures – This report may look a little off due to the Student Support Services and Special Service Providers being rolled into one. These variances balance each other out in other sections of the chart of accounts. No issues reported.

Transfers out – Transfers were pulled back a little from the previous discussion of the amount that would be transferred in to the capital project fund due to additional expenditures at year end.

Food service Fund – The Net Change was better than anticipated, no issues to report. Samantha stated that we transferred in \$125,000 to this fund, but Food Services spend down less than anticipated and additional revenue was brought in due to increased sales.

Grants Fund – We will be changing the way we budget to follow more in line with our Financial Reporting Standards. Still no fund balance. This became an additional major fund as the Grants Fund, which the auditors did an additional audit on this newly classified major fund.

Interscholastic Activities Fund – We had to amend the budget to transfer in an additional \$100,000. As of this year, this fund will be responsible for the lease payment on the stadium along with the fundraising efforts and will be monitored very closely to ensure compliance.

Capital Projects fund – The Debt Service listed on this report is the stadium, which will be moved to the interscholastic activities fund this year. We transferred \$1,071,011 into this fund, which was less than we initially wanted. There were lots of other competing needs that prevented us from putting the initially discussed amount into this fund.

Debt Service fund – The interest budget was off by \$1 to actual! This fund is doing great. We have paid off one issuance this year and more will follow in the next 3 years.

Afterschool Enrichment Program – There was a \$50,000 transfer increase due to the tuition revenue being lower than anticipated and was not enough revenue to cover costs. We will be looking at this internally to figure out how to make it more self-sustaining.

Dental Fund – Doing great, no issues reported.

Health Insurance Fund – The net position dropped to \$789,233 by the end of the year. The “Incurred but Not Received Claims” item is the estimate of claims not paid by the end of the year, but that were incurred prior to the year close. These claims were estimated by BCBS. July had \$722,000 in claims and August had \$898,000 in claims, whereas the average monthly claims are around \$400,000. We have hit the stop loss. Durango Professional states that the increase of \$40 premiums should increase our health insurance revenue by \$135k.

The rest of the report is informative.

- **The Juniper School** – Samantha

This school is a component unit and they had a stand-alone audit that is then rolled into the district audit. They were not prepared and are still working through their audit, but there is no estimation of audit completion at this time. They are aware of the December 31st deadline for submission to the state. Samantha stated her concern that they may not be ready for presentation by October. Michelle, a partner with Zink and Associates, is working with Samantha and The Juniper School to get their financials in order. Juniper’s budget is less than a million dollars of mill levy and per pupil revenue and Dan and Andy are concerned about the long term viability of this school. The start-up grant of \$250,000 is going away and 2018-2019 is the last year they will receive it. The Juniper School has 1 year left on their lease as there is a conflict of interest between The Juniper School and Big Picture High School. The Board wants them successful as it will fall on the board that approved them, plus, we are responsible for their debts. They currently have 120 students, but they want to grow to about 200 students with 8-10 classrooms.

- **Health Insurance** – Andy/Samantha

Andy addressed that we are out for Bid on a new Health Insurance Broker and the finalists will be presented to the Insurance Committee on Sept. 27th, 2018. We are running out of money in this fund if we don't do something to increase our revenue or decrease our claims to this account. Art asked if there was a district wellness program that would possibly help incentivize employees to better care for themselves and cut down on the amount of claims. Andy reassured the committee that there is in fact a Wellness Committee the brings in around \$12,000 per year and currently has around \$60,000 in it that could be used to incentivize things like Rec Center passes, \$25 rebate for completing physical, or other such rewards for physical well-being. This Wellness group meets on Mondays. Dan stated that maintenance prescriptions are a substantial cost and that the “high deductible” plan currently in place will, in fact, become an actual high deductible plan. It was also discussed that there is potential for a premium increase of around \$40 per employee to help increase revenue. The date set for the premium changes to go into effect is January 1st, 2019.

Andy would like to go more in-depth into the health insurance and the decision of the health insurance from the Board at the October meeting.

- **District Enrollment** – Andy stated that district wide, we are about 15 students down. There was a drop in elementary enrollment recently, middle school enrollment was up 75 students, Escalante was up 525 students, DHS is at 1,177 students. Between DHS and Big Picture there are 1,262 students in 9-12th grades. There are 800 students statewide in the Connections Academy and they are still enrolling students. October 1st is our official student count date. We have an informal agreement with Connections Academy, which is a subsidiary of Pearson's, on reduced lunch students. These students are still considered in part of our district's count and this does affect us as a district. If parents don't sign up for the free/reduced lunch program, it affects our funding at a loss. Connections Academy made a commitment that if there is a lack in enrollment for this program, they will provide Durango 9-R with a financial compensation amount around \$200,000. Making the sign up mandatory with Connections Academy will help prevent having to pay the district.
- **Committee Members** – Steve Ruddell's resignation was accepted, but he may still provide a higher level of expertise for Samantha in the Finance department to help review the policies. Per the Board, the FAC committee must consist of 5-7 members and they would like to have the full 7 members. Liane is a candidate and would be super excited to be a part of this committee and learn about public schools vs. public health. The FAC committee was asked to consider a nomination at the next meeting for Liane. We only had one community member interested and we have placed an ad in the Durango Herald with no interest. Cheryl, Tim, and Art would support a nomination for Liane to join the FAC. Andy also wanted to address that we could move back to the 7:30am meeting if it would better benefit the committee. Cheryl motioned to approve the move back to 7:30am meetings with a second by Art. Approved.

VIII. Announcements

- Art asked for consideration for a Co-Chairmanship due to his traveling schedule.
- Rachel will send out an email today or Monday with all electronic papers, when edits are needed back on the policies, and the policy review schedule.

- Dan stated that we have eliminated duplicate policies. The Aspen group may come in and review our Board policies to assist with eliminating conflicts.

IX. Adjournment – Art adjourned the meeting at 9:28am.