



Finance Advisory Committee Meeting Minutes Friday, October 19th, 2018 at 7:30am

Members Present: Stephanie Moran, Board Member; Kira Horren; John Rieter; Tim Zink; Cheryl Wiescamp; Sam Gallagher, Art Chase; Stan; Dan Snowberger; Mick Souder; Andy Burns; Rachel Thames.

- I. Call to Order – 7:33am
- II. Approval of Agenda – Cheryl motioned to approve the agenda with a second by Stan. Approved.
- III. Approval of Previous Minutes – September 21st, 2018: Cheryl motioned to approve the previous minutes with a second by Stan. Approved.
- IV. Health Broker Presentation: See Discussion Points for October 19th Health Insurance Presentation. Both Brokers presented themselves to the committee.

- **Willis Tower & Watson: 7:30-8:00am**

1. Offers three options: Self-funded; Fully-insured; and CEBT Pool.

Self-funding option

Pros – Broker provides lots of available help and consultation on how to improve.

Cons – Most Self Insured don't know when cut their losses and get out; the employer is responsible for claims; there is 20% in admin costs.

Fully Insured option

Pros – Less claims liability to employer, saves the employer money in the long run.

Cons – No control over specifics to plans; can only pick from those available and cannot make exceptions or modifications to those plans, average of 20% premium increases annually.

CEBT Pool option

Pros – Less claims liability to the employer as the claims are put in and paid out of a pool of money rather than just one employer; lower annual premium increases than fully insured; Willis, Tower & Watson are Admins (they are the only way to gain access to this pool); only 8% in admin costs.

Cons – There is no flexibility with the plans available; whatever is being offer are the only options; no negotiating exceptions; Annual premium increases, but still much lower than fully insured option.

2. Questions/Comments –

Increasing premiums is the financially responsible thing to do right now until a better solution is found. Claims are not outrageous, they are just underfunded.

The timeline for implementation can be as early as January 1st, 2019.

There is also an option for a Health Reimbursement Account. This is an option where the district can take some of the reserves at the end of the year and redistribute to the employee for deductibles, other health costs, or put back in to the pool to help keep costs low.

- **Gallagher: 8:05-8:35am**

1. Offers three options: Self-Funded; Fully Insured; and the CTSI Pool.

Self-Funded option

Pros – Direct contracting with hospitals and clinics “Client Specific Carriers”; 0% admin costs; plans that would be available are Preferred, In Network, and Out of Network; better pricing than what we have currently; Gallagher would help by providing education for our employees on how to keep the costs low; ability to still have flexibility with plans.

Cons – The employer still has the claims liability.

Fully Insured option

Pros – Less claims liability to employer, saves the employer money in the long run.

Cons – No control over specifics to plans; can only pick from those available and cannot make exceptions or modifications to those plans, average of 20% rate increases annually.

CTSI Pool option

Pros – 6-10 available plans to choose from; only on band jump on premiums is allowed annually, only around 5% annual premium increases vs. 20% for fully insured, less employer liability.

Cons – All plans are have a January 1st starting year; no control over specifics to plans; can only pick from those available and cannot make exceptions or modifications to those plans; annual premium increases.

2. **Rx benefits** – They also offer to negotiate with pharmacies in order to drop the costs of prescriptions. They do the leg work to ensure the best value for our money and the employees’ money.
3. Questions/Comments

They send out surveys to the employees to gather input as to what is most important for the employees and provide the employer with the feedback for evaluation.

They send out detailed reports, well in advance of our budget deadline to allow us to plan our budget accordingly. We would have the ability to see

what our maximum liability for claims would be and they provide forecasting models to ensure we can assess a plan of action.

They provide detailed education for employees on healthcare, where to go, when and how, etc. in order to keep the employer's claim expenses as low as possible.

They provide lots of involvement with the clients to ensure the best customer satisfaction possible.

Dan is not opposed to making the switch to a new broker as early as January 1st, but would like to allow more time to address issues with a new broker. He asked if the Committee has any suggestions or would approve us going to the Board to proceed with modifications to our existing plans starting January 1st, 2019 in order for us to buy more time to work with a new insurance broker. The committee agreed with the changes to the existing plan to allow more planning.

V. Health Insurance Updates

Sam reviewed the proposed changes for the employee contribution at the various plan levels. Given the current trends in the Health Insurance Fund and higher than average costs the first quarter, the District is proposing an increase of \$112,000 on the employer side and an increase of \$116,000 on the employee side (from January-June). These proposed changes will be discussed with the Board in the October meeting. Rachel will send out the Insurance Breakdown to the FAC members after the meeting.

VI. Introductions

- Public Comments - None

VII. Old Business

October Policy and Procedure Review - Deferred

Deferred until November FAC meeting due to changes with the recommended GFOA policies.

During the CASBO (Colorado Association of School Business Officials) fall conference last week, Samantha was in a session with some good discussions around board policies for budget priorities and fund reserves. Given the additional GFOA (Government Finance Officers Association) Best Practice Policies, Samantha would like some additional time to revamp the policies. Also, we only received a response from Cheryl for any changes to the policies as of current.

Committee agreed to allow extra time for review and changes of the October policies that were up for review.

VIII. New Business

- A. FAC Member nomination – Liane Jollon: Andy stated that she would be a good asset to the committee and asked for a vote. Tim nominated Liane, with a

second by Stan. Committee approved Liane Jollon as the newest FAC member. She will not be available to join for a couple months due to other engagements, but will still be sent the meeting reminders.

B. Co-chair discussion/nomination – Art had to leave due to another meeting and asked Andy to address this topic. Andy stated that FAC is looking for an individual to hold the responsibility of co-chairperson. Cheryl volunteered to be the co-chairs with no objection from the committee. Stan stated he would be willing to help out on further discussions around reviewing the health insurance proposals, present to the Board for the twice a year update and to help write up the summary of FAC’s work for the Board. Andy recommended bringing up public outreach with Communications at our next meeting. Cheryl ran the remainder of the meeting as co-chair.

C. **1st Quarter 18-19 Financial Report** – Samantha reviewed the financial report with the committee.

General Fund – Property was high because we up-fronted all of the technology projects for the entire year and salaries are up due to district wide wage increases. Everything else looks good, no issues to report.

Special Projects Fund – Half of the Facility Use fees go in this account. No issues to report.

Food Services Fund – There was an increase in salaries along with an increased “Transfer In” to cover that cost. This fund did better than projected so we should be able to decrease the “Transfer In”.

Governmental Designated Grants Fund – We are waiting on final grant approvals. This report will be much bigger next quarter, once approvals are granted. DEF has already given us our grant.

Interscholastic Activities Fund – The Stadium lease is new to this account and we have increased the “Transfers In” to allow for this additional cost.

Capital Reserve Capital Projects Fund – We are waiting to see if we get more of the B.E.S.T Grant money in order to plan our summer projects. We are on track with enough funding for our current projects.

Debt Service Fund – November 1st is our first debt payment. No issues to report.

After School Enrichment Program Fund – The “Transfers In” was increased from last year. We are implementing an online payment option within the next couple months. This will allow more ease of access to pay for our after school programs and help cut down on the administrative costs involved currently. Due to the small fee increase at the beginning of the year, we are on track and actually above last year’s revenue.

Dental Insurance Fund – No issues to report.

Health Insurance Fund – We collect premiums a month in advance, however, those premiums pre-paid are actually paying past months' claims. We are just able to keep up with claims and are not a month ahead on revenue.

D. Policies for Review in November: Deadline for submitting suggested changes is Monday November 5th, 2018. Samantha addressed the policies with the committee to review in November. Rachel will send out a reminder for the FAC Members about the deadline as it approaches.

- Funding Proposals, Grants and Special Projects
- Revenues from Investments/Use of Surplus Funds – Sam will make some suggested changes due to the investment monopoly in ColoTrust.
- Free Admissions – Samantha stated this may not need to be a board policy, instead she suggested making it an internal policy.
- Banking Services

E. Audit Updates – The District is currently on track to present a draft of the audit to the Board this Tuesday. The Juniper School audit is still being done and they have had some challenges that are currently being worked on. We don't have an estimation for the completion of their audit yet. We must have a full audit (including The Juniper School) to submit to the state. That deadline is December 31, 2018. The Auditors gave us a memo that Samantha presented to FAC. Samantha stated that we will wait to present the audit to the Board until we have a full audit.

F. DAAC meeting schedule sign-up sheet. This sheet was presented to the members to sign up for FAC representation at the scheduled DAAC meetings. The next DAC meeting is on October 24th 5:30-7:30pm at Fort Lewis Mesa Elementary.

Cheryl went to the September meeting and again invited DAAC members to sit in on our FAC meetings. They discussed school performance frameworks, student perception data, and talk of Amend 73. She asked Andy to elaborate on the Amendment 73 and what it meant for the residents, businesses, and the schools. Andy went into detail with Amendment 73 stating that the Durango School District would get around an additional \$8,000,000 per year and the School Board came out with a resolution in support of this new amendment.

Tim signed up for the November meeting and Stan is scheduled for the February meeting. Rachel will send out a reminder and the sign up form to the FAC members.

IX. FAC Charges/BC04

The Board of Education agreed to the recommended changes for the FAC charges to review financial statements on a quarterly basis.

X. Long Range Planning

At the Thursday, October 18th, 2018 Long Range Planning Committee meeting, the group will review a proposed five-year capital projects maintenance schedule. The group will also review a community survey on facilities' needs, safety/security measures and new facilities. The group is planning to report back to the Board of Education at their December or January work session meeting.

This meeting still meets on a monthly basis. A survey will be sent out to the public to gauge support and concerns regarding a new facilities bond planning for the future. This will then be shared with the Board of Education.

XI. Announcements – None.

XII. Adjournment – Tim motioned to adjourn the meeting with a second by Cheryl. Meeting was adjourned at 9:31am.