



FINANCE ADVISORY COMMITTEE MEETING MINUTES
Friday, February 9, 2018 - 7:30 a.m.

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

Board Members Present: Joe Kusar

DAAC Members Present: None

Durango School District 9-R Staff Present: Andy Burns, Kevin Smelker, Carla Hotter, Kira Horenn, and Lynette Newman

I. Call to Order – After a quorum was established, the meeting was called to order at 7:32 a.m. by Mr. Kevin Smelker who served as chair.

II. Introductions – Lynette Newman (New Senior Administrative Assistant)

III. Approval of the Agenda – Mr. Kevin Smelker made a motion to approve the agenda; seconded by Mr. John Gillam. Approved.

IV. Approval of January 19, 2018, Meeting Minutes – A motion was made by Mr. Gillam to approve the minutes, seconded by Mr. Chase. Approved.

v. Monthly Financial Review - January 2018 Financials – Mr. Kevin Smelker provided the monthly review, highlighting the following:

Monthly Financials - Concerned about the time crunch in preparing financials before next board meeting. Amended Budget - Running ahead of schedule of what we budgeted. Nothing alarming to report.

General Fund - 58% expired - Energy lease is ahead of schedule. Classified leave pay out - might need to make a transfer.

Food Service Fund - This fund is running along as expected.

Interscholastic Activity Fund - On target.

Debt Service Fund - These are the bond service payments. Property Taxes do not come in until May. The reason it is important to keep a fund balance in here is that the District has payments that are due in December. Principal payment was already made as well as half of the interest was made.

Capital Projects Fund Most of the projects are complete or are in the process of getting complete. Next few months will be the bulk of this fund. Running as expected.

After School Enrichment Program Fund - Is a little bit behind on revenue - don't have an explanation.

Dental Insurance Funds - Claims vs premiums are doing well in this fund.

Health Insurance Funds - Losing money, but not as much as we expected. Mr. Andy Burns brought out that we actually save money by going to Urgent Care. Rates are similar @ the college.

12 Fund - Facility rentals are reported here.

Grant Fund - Some negatives, maybe ask for interest.

VI. OLD BUSINESS

FAC Charges - Mr. Steve Ruddell pointed out that there are some inconsistencies, but all are being taken care of.

Finance Policy Review - Mr. Kevin Smelker pointed out that we will be bringing forward the Finance Policies a chunk at a time over the next three meetings. A redlined version will be sent out as well as the next set of policies we will review each month.

VII. NEW BUSINESS

DAAC Update - Ms. Cheryl Wiescamp provided the DAAC report. Cheryl attended a two hour meeting working on a survey for parents - was definitely worth while. Cheryl mentioned that it is hard for a representative from DAAC to attend the 7:30 a.m. FAC meeting and feels that it would be good to have a FAC member attend the DAAC meetings.

FAC Report and Reporting Template – There are two different audiences 1) Board of Education, and 2) community members, students, school employees, and DEA and DESPA representatives. The background should be clear and transparent. We need to have a high level of confidence and bring the board up to date on changes and concerns.

Areas of Confidence

1. The FAC supports and maintains a high level of confidence in the Finance Department's personnel changes.
2. The FAC maintains a high level of confidence in the annual audit findings and the District's response to these findings.
3. The FAC has no concerns regarding the 2017-2018 Budget, as amended, and maintains a high level of confidence in the District's spending priorities.
4. The FAC has a high level of confidence in the District's efforts to continually improve transparency in its accounting and financial records, and its efforts in maintaining the community's trust.
5. The FAC set expectations to improve our communications with the DAAC, including an assigned monthly schedule for FAC members to attend monthly DAAC meeting, and reporting at our monthly meetings.

Areas of Concern

1. The change in the District's health insurance benefit plan appears to be financially unsustainable. This has been identified as a concern by the District.
2. The continued increase in the District's contribution to PERA as a percent of employee salary reduces the District's ability to fund other needs.
3. Ensuring that the next Director of Finance is a good fit and has the necessary skills to manage the Finance Department.

FAC Report to the Board – Mr. Ruddell and Mr. Chase will provide the FAC Report to the Board at the next board meeting. Mr. Ruddell asked the membership if they were all comfortable with the amended budget or if there are any concerns. The FAC indicated there were no concerns.

Community Outreach - Mr. Ruddell feels that there is a great opportunity for DAAC & FAC in putting a column in the Herald. To be able to talk about where the finances are at the school/district levels is a good way to generate trust in the community and show external transparency. Maybe also reach out in the social media?

Corrective Action Plan - Internal Control - Durango School District 9-R has hired additional staff to assist with segregation of duties, preparation of the audit, and the on-going maintenance of a Fixed Asset module within our accounting software. The Director of Finance will also utilize all resources available to him/her, including legal advice on the appropriate format and wording that needs to be utilized to be compliant with Colorado Budget Law, the Office of the State Auditor, and Federal Grants. - Fixed assets are current.

- **Flow Chart** - What is needed to support the Director of Finance. This takes a more wholistic approach and creates awareness. We don't want to be vulnerable. Cross training is extremely important. Alternating responsibilities. All agree that this would be very positive and create continuity.

PCard Procedures Update - Not policy, but procedure. Mr. Kevin Smelker is recommending that we get rid of having to do a requisition when using the PCard. Most PCard transactions are done before a requisition is even created, which just makes more work after the fact. All would still need to follow the guidelines and procedures. The negative part would be no control. It was suggested that there be a monthly PCard statement audit. Make sure departments know when and where a PCard can and cannot be used. There needs to be consistency and departments need to be aware that these are public dollars.

Fees - Mr. Andy Burns brought out that we are not anticipating any increase in fees except for what is on the doc - Elementary Gyms, Secondary Gyms, Playing Fields, Track, Custodial, Safety.

VIII. ANNOUNCEMENTS

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

The next DAAC Meeting will be held on Wednesday, February 21, 2018, at 5:30 p.m. at Park Elementary. Ms. Cheryl Wiescamp will represent the FAC Committee.

The next regular Board Meeting is scheduled to be held on Tuesday, February 20, 2018, at 5:30 p.m. in the 9-R Administration Building Board Room.

The meeting was adjourned at 8:58 a.m.

_ Steve Ruddell

Finance Advisory Committee Co-
Chair

Lynette Newman, Scribe
Sr. Admin. Asst. to the CFO