

Board Special Meeting
Monthly Audit & Finance Meeting
Monday, June 10, 2019, 4:30-6:30pm
Board Office Conference Room, John Stanford Center
2445 – 3rd Avenue South, Seattle WA 98134



Minutes

Call to Order

This meeting was called to order at 4:31pm Directors Geary, Pinkham and Mack were present.

Chief Financial Officer JoLynn Berge staffed this meeting.

Approval of agenda: Directors moved to approve the agenda. This motion passed unanimously. Director Geary requested that Ms. Berge move Board Action items 4 and 6 to be discussed back to back. Director Mack seconded the amending of the agenda.

Approval of meeting minutes Director Mack moved to approve the May 20, 2019 Monthly meeting minutes and Director Geary seconded. These minutes were approved.

Approval of meeting minutes Director Mack moved to approve the March 5, 2019 Quarterly Audit meeting minutes and Geary seconded. These minutes were approved. Please note the audio recording malfunctioned and asked staff to recollect items they spoke about to the best of their knowledge.

Items Requiring Board Action

1. BAR: Washington Schools Risk Management Pool (WSRMP) Annual Payment (Staudt)
Manager-Risk & Loss Prevention Richard Staudt stated that WSRMP provides the District with insurance coverage of \$41M per claim on our liability side and up to a billion dollars for property claims. Mr. Staudt stated the rates have gone up this year due to the rise in sexual misconduct claims throughout the state of Washington. The other reason being for the rates going up were due to property loss and damage to our buildings. Mr. Staudt found a discrepancy on the amount WSRMP was charging us which decreased our property credit. Mr. Staudt's saved the District around \$150,000 or more by finding the discrepancy. The Board was concerned about the rise in sexual misconduct claims. Mr. Staudt mentioned that the District is an active participant in the sexual abuse prevention advisory committee. Director Pinkham requested to strike the sentence regarding the #Metoo movement so that the language was more collaborative.

Director Mack made a motion to move this item forward to the full Board with a recommendation for **Consideration** because the amount is going to change due to Mr. Staudt's finding. Director Geary seconded. This motion passed unanimously.

2. BAR: 21st Century Community Learning Grant (Stone)
Director of Grants and Strategic Partnerships, Michael Stone, spoke about applying for the Century Community Learning Grant to help support the North Gate program and expand out to three other Title 1 schools. Services provided include after school help, academic enrichment support and extend Summer learning. The grant will help pay for a personal service contract to have someone at the building

coordinating the programs. There will be additional grant dollars that will help sustain the work that the 21st Century grant will not cover.

Director Mack requested to know who Seattle Public Schools was partnering with to get the programs going. Mr. Stone stated that they were partnering with Team Read, Spin and Parks and Recreation. Mr. Stone went on to point out a report that showed a breakdown of costs and where the funding would be used.

Director Geary requested that Mr. Stone add the number of families they estimated serving through these partnerships on the Board Action Report (BAR). Mr. Stone said he would add the information to the student's benefits section on the BAR. Mr. Stone also mentioned that they will not be able to move forward with the programs if the grant does not come through. Mr. Stone began the BAR process so that the programs could begin on September 1st if the funding did come through. If the funding does not come through, Mr. Stone will pull the BAR from the agenda.

Director Geary made a motion to move this item forward to the full Board with a recommendation for **Approval**, Director Mack seconded. This motion passed unanimously.

3. BAR: CBO Contracts for Levy Schools (Stone)

Director of Grants, Michael Stone brought forward the top for contracts for community service-based organizations that provide before, during and after school services for many of our schools. The contracts are, Seattle Parks and Receptions with before and after school programs, Summer camps, Spring break camp at Aki, Denny and Mercer and small contract with North Gate; City Year of Seattle, which is at many of our feeder pattern schools, and some of the elementary schools and at Denny and Aki; University Tutors at Seattle Schools and Seneca Families of Agencies providing social and emotional support at many of our elementary schools.

Director Mack requested to know if the funding would be included in the Budget that they will be approving on June 26th. Ms. Berge stated that it would and that it would be in the school's allocations portion of the budget.

Director Geary asked if they knew how many students would be served. Mr. Stone said that it would vary by site and would not know until the Fall.

Director Mack asked if there was a way to know what resources every school where being provided with. Chief Financial Officer, JoLynn Berge, informed Director Mack that the Superintendent had recently created a Resources Mapping Committee that will be able to identify where there could be a gap and additional funding needed for schools with less resources. Ms. Berge stated that she could give an update on the progress in the next A&F Committee meeting in August.

Director Geary mentioned that what the Resources Mapping Committee was doing would help the greater community know that the District is looking into ways to be more equitable. Amendments added to the BAR where to add the Seneca personal service contract which was missing from the BAR and to add a few sentences regarding the Resources Mapping Committee under the equity portion of the BAR.

Director Mack made a motion to move this item forward to the full Board with a recommendation for **Approval** with the stated amendments. Director Geary seconded. This motion passed unanimously.

4. BAR: Revising Policy 6100 for New Audit Requirement (Berge)

Director of Budget, Linda Sebring, stated that her staff looked over the Washington State School Directors' Association (WSSDA) Policies and made updates to the policy according to what best lined up with the District's previous policy. The current policy lines up with WSSDA's policy except for a few components that structurally worked best for the District. Director of Budget, Linda Sebring, stated that the new RCW28A.320.245 states that the School Board of Directors must adopt a policy that requires a public hearing within 30 days if an audit finding is found related to how we use our local enrichment

funding. The policy must be adopted before September 1, 2019. After much discussion Director Geary would prefer to discuss it further with the Board.

Director Geary made a motion to move this item forward to the full Board with a recommendation for **Consideration** Director Mack seconded. This motion passed unanimously.

5. BAR: Resolution 2018/19-31, Fixing and Adopting the 2019-20 Budget (Berge/Sebring)
Chief Financial Officer, JoLynn Berge, informed the Board that the resolution 2018/19-31 Board Action Report (BAR) would give the Board a glimpse of what they will see in the budget book and in the Budget presentation taking place on June 26th. Director of Budget, Linda Sebring, highlighted some information including the amount of appropriations, the budget four-year forecast, MSOC allocation comparison, enrollment data and other high-level information. Ms. Berge stated that the new budget was \$90M more than the 18-19 budget. Ms. Sebring explained why. She said that last year's 10.5% pay increase for Certificated staffing was not fully captured in FY18-19. She stated that the 19-20 budget is partially a catch up of what was not budgeted in 18-19. Some of the increase was due to bargaining outcomes from last year, labor cost increases, contracts, Special Education safety net, transportation, opening new schools plus several other smaller cost increases. Ms. Berge spoke about the four-year forecast and gave details about what increases would take place.

Director Mack stated that she did not agree with the enrollment projections for next year showing that we are going to have a revenue drop. Ms. Berge reminded the Board that they will receive the budget book before the approval on June 26th so they can go over it before Introduction. They will also have the budget hearing for the public that comes before the vote.

Director Pinkham made a motion to move this item forward to the full Board with a recommendation for **Consideration** Director Geary seconded. This motion passed. Director Mack abstained from the vote. She said she would like to see the budget book before she makes her decision.

6. BAR: Revising Policy 6020 – System of Funds and Accounts, which includes the new levy local Sub Funds (Fleming)

Amy Fleming, Director of Accounts Services, spoke about policy 6020 being the definition of funds and accounts within the District. Ms. Fleming stated that the District is authorized by State law to have a general fund a capital projects fund an Associated Student Body (ASB) fund a transportation vehicle fund and a private purpose trust fund. Ms. Fleming stated that because we do not own buses, we do not have a transportation fund. Ms. Fleming reviewed the WSSDA policy and she liked the language embedded within that policy fund and said she thought it provided our constituents a clear understanding of what our funds are and what their purposes were. Ms. Fleming said that she modeled the current WSSDA policy except for a few changes that do not pertain to the District and revised Policy 6020.

Director Geary requested to know how they planned to inform the schools of all of the grants and donations that they are receiving through the Sub funds? Ms. Berge stated that it will be a new rework of their system and they are in the process of figuring that out.

Director Mack made a motion to move this item forward to the full Board with a recommendation for **Approval** Director Geary seconded. This motion passed unanimously.

Special Attention Items

1. Informational Only: JSCEE Bonds/Building Update (Fleming)

Accounts Services Director, Amy Fleming, presented the \$25.9M repayment schedule for the John Stanford Center for Excellence building. The layout highlighted payment of the Bond Principal and interest payments which will be completed in 2026-27.

Director Mack asked why they used Levy funds to pay off the interest throughout the year instead of paying it off in full to avoid additional debt to the bond. Ms. Fleming informed her that the District has to follow Federal Internal Revenue Service's rules which does not allow them to pay in full.

Regular Agenda Items

1. Monthly Financial Status Update (Fleming) Accounts Services Director, Amy Fleming, stated that everything was trending as expected.

2. Committee Annual Work Plan (Berge)

Chief Finance Officer, Jolynn Berge, went over the stated the items completed on the work plan which included the bonds, Policy 6020 and 6100 and financial update.

Director Mack inquired if the update on resource mapping could be added as a special attention item for August. Ms. Berge said that it would be added

Adjourn: 6:34pm