

**Board Special Meeting**  
**Audit & Finance Committee**  
Monday April 20, 2020, 7:30am  
*Meeting held remotely*



**Minutes**

**Call to Order**

1. This meeting was called to order at 7:30 am. Directors Rivera-Smith, Director Harris, Director Hampson and Director Mack participated with Microsoft Teams or by phone. This meeting was staffed by Chief Financial Officer JoLynn Berge.

Director Hampson noted that the meeting was being held remotely consistent with the Governor's Proclamation prohibiting the meeting from being held in person due to COVID-19. Director Hampson noted that the public had been provided remote access.

2. Approval of agenda: Director Harris moved to approve the agenda. Director Rivera-Smith seconded. This motion passed unanimously.
3. Approval of meeting minutes: Director Harris moved to approve the February 10, 2020 meeting minutes. Director Rivera-Smith seconded. This motion passed with two amendments. The first one was to strike the title of Mr. Rosario Luna as co-president of the Principal Teacher School Association (PTSA) and the other was to update the title of the Board Action Report (BAR) to say John Stanford International School. The full name, "John Stanford" was omitted in several parts of the minutes and should be added. Vote total was 3-0 to amend and pass this motion.

**Special Attention Items**

1. Annual Grants Report (Stone)

Director Grants & Strategic Partnerships Michael Stone brought forward the Seattle Public Schools (SPS) annual report on Federal grants. The District received around \$29M in categorical Federal Grants this year. The largest grants that SPS receive are Title I for \$2.8M and Individuals with Disability Act (IDEA) at \$12.3M. Mr. Stone stated that they have stayed focus on supporting K-5 plus 7 secondary schools. They also receive Title I, part C funding which Seattle World school uses by hiring a staff person to support migrant students. He went on to say that Title I, Part B supports the King County Detention Center and Interagency school with \$578,000. Title II, Part A supports professional development (PD) throughout the District with \$1.5M. Title III focuses on English Language Learners (ELL) coaches. \$780,000 is for Title IV, part it focuses on enrichment and improving student learning conditions and PD around technology for teachers. The funding for Title IV is driven by our poverty level throughout the state. \$55,000 for Title IX which is a multi-year grant for McKinney Vento. This funding supports our homeless student population. We supplement McKinney Vento with Title I funding.

Director Harris requested to know if the number of homeless students on Mr. Stone's presentation was correct. Mr. Stone stated that they go by the report they ran on the Comprehensive Education Data & Research System (CEDARS) website. Ms. Berge stated that Title I is based on the Census and IDEA is based on student counts that were taken a few years ago. She also stated that there are complicated formulas that are made at the Federal level to figure out who gets what.

Director Hampson requested that the Indian Education grant be changed to be noted as Title VI rather than Title VII. Staff will make that correction.

Directors Hampson and Harris questioned how we go about identifying immigrant and homeless students. Mr. Stone said that we go by student enrollment and home language survey process.

Director Mack inquired if it would be appropriate to change the title of the agenda to say Federal Grant Report since everything Mr. Stone was reporting on consisted of federal grants. After much discussion it was decided to leave the title as is and asked that Mr. Stone bring the full grant report including the federal grants to the next Audit and Finance Committee meeting.

## 2. Committed/Minimum Fund Balance Percent per Policy 6022 (Sebring)

Budget Director Linda Sebring spoke about Board Policy No. 6022 which sets the Economic Stabilization Account, also known as the rainy-day account. Ms. Sebring stated that annually the Board looks at the percentage and together make a decision on what percentage amount will be set aside for the year. Policy No. 6022 sets our percentage at 3 to 5 percent. If the fund is increased from 3% to 4% it would add \$13.2M to the fund. Ms. Berge had discussed in Budget Work sessions increasing the percentage.

## 3. Small Works Roster Threshold (Berge)

Chief Financial Officer JoLynn Berge stated that the Small Works roster limits were changed in the 2019 Legislative Session. The proposed change would increase the amount allowed under our current Policy from \$200,000 to \$350,000. Ms. Berge highlighted three attachments in her packet which included the redline version of Policy No. 6222, the redline version of the Superintendents procedure and the Revised Code of Washington (RCW) showing the change that was made at the Legislative Session. Ms. Berge said that the changes would line up with the new law and that she would bring it back to the Board as a Board Action Report (BAR).

## 4. Budget Update (Berge)

Chief Financial Officer JoLynn Berge spoke about giving the Committee a foreshadow of what was to come at the next Budget Work Session. Ms. Berge stated that the country and the State are going into a recession given the current Covid situation. Ms. Berge said that her team will be recommending a couple of pauses on spending, one being the portion of the Curriculum budget in the amount of \$2.3M. They also don't think that they will be hitting the Economic Stabilization fund percentage increase. Ms. Berge noted that the veto from the Governor took out several million dollars from transportation revenue which will have to be backfilled. There is also an increase in expenditures from Covid 19 and although the District may be eligible for Federal Emergency Management Agency (FEMA), it is uncertain what will be funded and when the funding will come.

Director Harris would like Ms. Berge to speak about how very little funding will be going to education at the upcoming Budget work session.

Director Mack requested to know how comprehensive technology will be discussed when talking about the Capital budget. Ms. Berge stated that technology will be discussed when talking about Capital projects but that there will also be supplemental slides at the Work Session that will cover Technology and Covid 19 specifically.

Director Mack requested that the Work Session include what budget items are being paid out of, specifically regarding technology.

## 5. March 2019 BAR for Lincoln High School-clarification (Berge)

Chief Financial Officer JoLynn Berge notified the Board of incorrect dates on the March 2019 Lincoln High School BAR. The BAR said that technology purchases had been made in 2018 and 2019 which was incorrect. The BAR should have stated that technology purchases would begin in 2019 and continue

through 2021, until the Lincoln High School is serving all four grades. Our Purchasing Department had noticed the discrepancy and routed it back to Ms. Berge.

### **Regular Agenda Items**

#### **1. Monthly Accounting (Fleming)**

Director of Accounting Services, Amy Fleming stated that enrollment was still running higher than budgeted last year. The General Fund summary showed that the local taxes were down by \$46M. The changes had to do with changes in State law and property tax changes and is offset by increases in state revenues. They anticipated the reduction and it was planned for. Ms. Fleming highlighted the General Fund Balance sheet which showed the cash and cash equivalent for the month of February. She stated that by the end of February the report was showing a cash and investments of \$194.5M. Ms. Fleming's team ran different analysis to anticipate different levels of people paying their taxes on time. Seattle Public Schools would still have a cash equivalent of \$37.9M on July 1 if 100% of homeowners did not pay their property taxes. Ms. Fleming is expecting to see some payments made to King County by mortgages that pay property taxes on people's behalf.

Director Hampson requested to know if SPS is delaying payment on invoices. Ms. Fleming said that they are not delaying payments to any of our vendors or payroll and that everything is trending as expected. Director Hampson noted that the cell 7C on Ms. Flemings report was not functioning correctly. Ms. Fleming said she would fix it.

#### **2. Committee Annual Work Plan (Berge)**

Chief Financial Officer JoLynn Berge stated that there are no changes to the Work Plan at this time. Erinn Bennett, Executive Director of Government Relations and Strategic Initiatives said that the committee work plan consists of anticipated Policy work for the calendar year. Audit & Finance policies have been shifted to a later date due to cancelled meetings and State closures. Ms. Bennett said that there is no Policy work for April. The Policies on the work plan came from Washington State School Directors' Association (WSSDA) updates, our legal department, Board members and staff suggestions. Director Harris requested to add the words "Weighted Staffing Standards" (WSS) under the School Funding Model to make it clear for people. Ms. Bennett said that part of the 2020 Board goals would include looking at the Work Plan comprehensively during the Executive Committee meetings. Director River-Smith requested to know if a BAR is always proceeded by a discussion. She noticed that some of the BARs on the Work plan did not proceed with discussions. Ms. Bennett said that in general there will be discussions prior to a BAR but if the Committee feels like the change or update does not merit two meetings, they might omit the discussion.

Ms. Berge said that our bond sale was completed on Friday and that it went well. The District will save around \$2M instead of the estimated \$1.4M. The savings saved a whole year of payment with the rates continuing in our favor.

### **Adjourn**

This meeting adjourned at 8:50 a.m.