

# Shakopee Public Schools

## Citizens' Financial Advisory Committee Meeting Minutes



**June 13, 2017 – 6:00PM**  
**District Office Board Room, 1200 Town Square, Shakopee**

The Citizens' Financial Advisory Committee convened at 6 p.m. on June 13, 2017.

Members present included: Adam Johnson, Allen Larson, Steven Jones, Jennifer Smith, Suzanne Johnson, Reggie Bowerman, and Matt McKeand.

Ad hoc attendees included Todd Netzke, Matt Mayer, and Kevin Wetherille.

Jackie Haremza, Scott Hare, and Rod Thompson were not present.

### **1. Opening Remarks**

Suzanne Johnson began the meeting by welcoming members and thanking them for their willingness to serve on the committee. Johnson outlined the Operating Guidelines for the Citizens' Financial Advisory Committee (CFAC).

### **2. BerganKDV presentation by Matt Mayer, Partner, about the audit**

The committee learned about the audit process and reviewed the 2015-16 Communication Letter, which is an executive audit summary presented to the school board annually. Mayer noted that an unmodified, or clean opinion was issued and went over the findings that were identified, which were related to segregation of duties in the finance department and preparation of the financial statements. Johnson discussed her intent to eliminate these findings.

The letter provided a brief summary of school finance, including the general education formula allowance calculation and the composition of the district's sources of revenue. Revenues and expenditures per student were reviewed along with comparable figures for the seven-county metro area as well as state-wide.

The Committee reviewed budgeted values to actual revenue/expenditure discrepancies identified during the audit and noted the unfavorable variances by category. The Committee reviewed the outcome of these variances on the fund balance. The Committee briefly reviewed of the community service, food service, and debt service fund balances.

### **3. School Management Services presentation by Todd Netzke**

Netzke and his company are the district's financial consultant. Netzke presented an update on the current year budget. Netzke noted that revenues and expenses are coming in on budget and the percentage spent through May 31 is consistent with the prior two years.

Netzke discussed the budget revision process and noted that this process typically occurs in the December/January timeframe. Committee members inquired if the district forecasts out five years and what common practice is among school districts. Netzke indicated this varies by district. Larson expressed interest in a five year forecast which would demonstrate when the fund balance would be restored to a higher level consistent with metro and state averages.

#### **4. Attorney presentation by Kevin Wetherille on Investigation of OSA Audit**

The District asked Kevin Wetherille, shareholder at Jaspers, Moriarty & Wetherille, to research the process surrounding a citizen petition to examine the District's records from July, 2011 to present via an audit by the Office of the State Auditor (OSA).

The Committee learned about the Minnesota State Statutes at issue and statements from the OSA directly about the OSA audit process. The OSA does not perform forensic or performance audits. However, they do perform financial and compliance audits. It was noted that the OSA has not audited a school district since 2014, thus all audits are performed by a Certified Public Accountant (CPA). The OSA will not re-perform an audit that has already been performed by a CPA. The information presented was consistent with information learned directly by district personnel about the OSA and its audit procedures and description of those audits.

The Committee did not feel the OSA audit would satisfy the needs of the District. Instead, the Committee suggested the Board consider an independent review of purchase card (P-card) transactions. Factors to be considered were if such a review is conducted, how to select the sample group for review, and whether the review should focus more on school board and executive level employees or to review all staff transactions for compliance with policy.

#### **5. Next Meeting**

Committee members indicated that they would like to meet on a more frequent basis rather than quarterly due to the fact that it is a new committee. They recommended we meet in the next month and continue to meet on Tuesdays from 6-8 p.m. The next meeting will be made public once determined.

The next meeting will discuss some topics of interest from the budget forum including why budget errors occurred and what specific changes are being implemented to ensure similar errors are not made in the future.