

Shakopee Public Schools

Citizens' Financial Advisory Committee

Meeting Minutes



September 12, 2017 – 6:00PM

District Office Board Room, 1200 Town Square, Shakopee

6:00PM – Meeting called to order by Suzanne Johnson

Members present included: Jackie Haremza, Adam Johnson, Steven Jones, Jennifer Smith, Matt McKeand, Gary Anger, Suzanne Johnson

Members not present included: Allen Larson, Reggie Bowerman

1. Review Purchase Card (P card) Manual next steps

Suzanne Johnson updated the committee that the revised P card manual is posted online and described the process for communicating the changes to cardholders. Johnson provided an update on the Committee's request to engage an independent auditor to review a sample of P card transactions. She explained that she requested three quotes for the P Card review and is moving forward with Clifton Larson Allen. They will use their IDEA Software, which is data extraction software to isolate trends and identify any unusual transactions. The software allows analysis of things such as spending on the weekends or upper level management purchasing. The review will entail around 40 individual transactions and then a written report will be issued. The review will cost \$2,500.

2. High School Construction Fund (\$2 million)

Suzanne Johnson provided a summary of the construction fund two million dollar budget error. Johnson noted that in the early stages of the bond the school board committed two million dollars from the capital fund to contribute towards the HS construction project. In reviewing aspects of the budget, finance discovered that the two million dollars was no longer available in the construction fund.

The project is approximately 50% complete and had a contingency fund of \$2 million prior to the discovery of the budget error. The lack of capital funds to contribute to the project will require the Bond Oversight Committee (BOC) to review projects to determine if anything can be scaled back. The BOC identified a list of things that could be delayed or eliminated and will continue to identify the best options. Cost savings will continue to be analyzed throughout the remainder of the project. It is extremely important to mention that very little, if anything, is being scaled back as it relates to the building/infrastructure. All promises are being kept, including the kitchen improvements.

The interest on the bonds has already exceed original estimates by \$500k. Additional earnings will continue to offset the budget variance. In addition, there is still a chance that the District can raise some funds and/or equipment to furnish academic labs, which would reduce the impact of the error.

The Committee asked how errors like this can be avoided. Johnson indicated that there are mechanisms to assign the costs to the proper fund to ensure oversight does not occur. Johnson has revised the budget model presented to the board to capture all funds to see the full picture. There was an overarching theme by all members of "trust but verify" and Johnson is confident that the current systems being used allow for verification. Anger and McKeand reiterated that results will be shared, even if the results are not what was anticipated.

3. Moody update

Johnson updated the committee on the Moody's downgrade and the impact that has on the District. Johnson discussed the process for attempting to upgrade the rating in the future. It will take several years and is very difficult to bump the rating back up so the district has to start working on this now. The district will be setting goals to improve the fund balance and this will be discussed in future board meetings.

4. Set future meeting dates and topics

2018-19 budget planning process and timeline. Finance is in the middle of a comprehensive staffing review. The district is also entering in to negotiations. These processes will allow finance to bring recommendations to the board as it relates to a sustainable staffing model and re-growing the fund balance. This process will take several months, so the Committee will schedule meetings in November and December to develop recommendations to the board for 17-18 budget revisions and 18-19 budget setting.

The Committee expressed interest in analyzing spending and how vendors and revenue sources are selected, as well as a three to five year plan. Future meeting topics will include the final levy certification, review of the P card review and the final audit results.

Membership:

Community Member – Jackie Haremza

Community Member – Adam Johnson

Community Member – Steven Jones

Community Member – Allen Larson

Community Member – Jennifer Smith

Board Treasurer – Matt McKeand

Board Representative – Reggie Bowerman

Superintendent – Gary Anger

Director of Finance and Operations – Suzanne Johnson

Save the Dates – Please mark your calendars for the following:

Citizens' Financial Advisory Committee Meetings

- Monday November 6, 2017 at 6 p.m.
- Monday December 4, 2017 at 6 p.m.