

Board of Directors Board Minutes November 15, 2011

Board Members: Chair Terry Rahmsdorff, Vice Chair Bob Moore, Directors Ron Gallinat, Cathy Miller, Carol Moorehead, and John Sundell

HDESD Staff: Dr. Dennis Dempsey, Superintendent, Theresa Layman, Business Supervisor, Greg Munn, Director of Fiscal Services and Shelley Knutz, Executive Assistant

Guests: Candi Fronk and Michelle Rich

REGULAR SESSION

Regular Session was called to order at 5:32 pm.

PRESENTATION AND REPORTS

2011 Audit Report

Candi Fronk and Michelle Rich with Harrison Price Fronk reported to the Board that the 2011 year-end audit went very well this year. The audit resulted with an unqualified opinion on the basic financial statements, except for the effects of not recording the expense and related liability for "Other Post Employment Benefits" (OPEB). This had been a conscious decision based on whether it was best to pay for the actuarial calculation or have an unqualified opinion. This has been a frustration for business managers in the state. Candi noted that a possible risk of a qualified audit opinion due to OPEB could result in a higher borrowing rate, but she does not see it as being critical for lenders.

Dr. Dempsey asked about districts working together through shared services and if this creates a concern of funds being comingled. Candi said that it would be similar to consortium members. Michelle said that the electronic purchasing system could be modified to have other districts involved in the approval process.

Candi told the Board they could feel comfortable with the reports they are receiving on a monthly basis and reviewed the following highlights from the audit report:

- ✓ No material weaknesses in internal control over financial reporting were identified during the audit of the financial statements.
- ✓ No instances of noncompliance required to be reported under Government Auditing Standards were identified.
- ✓ No deficiencies in internal control over compliance considered to be material weaknesses were identified during the audit of the major federal award programs.
- ✓ The auditors' report on compliance for the major federal award programs for the District expresses an unqualified opinion on all major federal programs.



- ✓ No audit findings relative to the major federal award programs for the District are reported in this schedule.
- ✓ Eight programs were tested as major programs.
- ✓ The threshold for distinguishing Types A and B programs was \$300,000.
- ✓ The District was determined to be a low-risk auditee.

Terry Rahmsdorff asked the auditors to let the HDESD Board know if they observed any procedures that could be improved or streamlined. Bob Moore asked if they had any suggestions for the Board as they hire a new superintendent. Candi said that as long as the new superintendent is actively involved in the operations of the ESD and supportive of the complete approval process, she thinks they will be able to move into the role without much disruption.

DISCUSSION ITEMS

KBA-AR - Public Records Administrative Regulation

John Witty prefaced the conversation that there has been a lot of public records law activity in the past few years. Statute states we are entitled to be reimbursed for the actual costs for responding to public records requests. It is extremely important that what the ESD adopts as policy and procedure is accurate and defensible. The ESD does not want to be approximate the cost, it is important to be accurate. Mr. Witty believes it could be difficult to defend the Attorney General's current fee schedule. He reviewed the highlighted changes to the Public Records KBA-AR. Bob Moore asked about the Board's ability to provide a waiver. John said it is up to the Board to approve waivers on a case by case basis considering the request is in the public's best interest. He believes that this is a much better way to administer the policy.

Fiscal Report

Greg Munn presented the Finance Report as of November 15, 2011.

- General Fund – Operations, Fund Balance/ Reserves, Revenue and Expenditures
- Special Revenue Fund – State grants are down and fluctuate every year.
- PERS UAL Debt Service Fund
- Facilities Maintenance Fund
- Detail Fund Report – No specific questions
- 2010-2011 Ending Fund Balances for ESD Admin, District LSP and All Other Funds
- PERS Reserve comparing 2008-09 to 2011-12 – Plan to come in with just over \$1M PERS Reserve
- General Fund Balance as % of Revenue from 2006-07 to 2011-12. Anticipate 7.7% for 2011-12

Reports from OSBA Conference

- Bob Moore commented on the Shared Services Presentation. He felt it was a good because it was apparent that this is more of a collaborative effort among the districts and the ESD rather than being just ESD driven. Carol was surprised that it there weren't more people at the presentation considering the decreased funding for education in Oregon.
- They wished Ben Cannon's presentation on OEIB would have included more details. Dr. Dempsey will be presenting with a group of educators to the OEIB on December 1. He will send a copy of his presentation to the Board for their review.
- Ron Gallinat found the presentation on the impact technology is having on children to be very interesting.



Shared Services Update

Dr. Dempsey reported the superintendents are meeting with John Witty to create an MOA about the operations between the agencies. They are currently working on their budgets. He will keep the Board informed.

Chalkboard Update

Paul Andrews reported on our recent proposal to Chalkboard to provide training and technical assistance to small rural and remote districts in central and eastern Oregon that may not have the capacity to assess and adopt performance evaluation systems required by SB 290. He also shared the Teacher Incentive Fund document for the Board to review. Paul is working with Crook County to assist them with implementing the TIF (Teacher Incentive Funds) Grant.

Superintendent Report

- Dennis will be meeting with Greg Munn, Mike Schofield and Mark Murray to work on a plan to help Crook County fill the business manager duties through December 31st.
- He included a letter from the Deschutes Children and Families Commission informing their partners of the impact the funding situation will have on their structure and programs.
- New revenue forecast is due out on Thursday.

ACTION ITEMS

Second Reading Policy KBA – Public Records

- Ron Gallinat moved and Cathy Miller seconded a motion to approve Policy KBA Public Records as presented. Motion carried 6-0.

Consent Agenda

- Carol Moorehead moved and Ron Gallinat seconded a motion to approve the consent agenda as presented. Motion carried 6-0.

Adjourn

The November 15, 2011, High Desert Education Service District Board of Directors Meeting adjourned at 7:41 pm.

Terry Rahmsdorff, Board Chair

Shelley Knutz, Executive Assistant

