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## Board of Directors Board Minutes November 19, 2013

- Board Members** Bob Moore, Board Chair, Scott Reynolds, Board Vice-Chair, Directors John Lang, Carol Moorehead, Doug Nelson, Jenni Newby, Ron Radabaugh and Terry Rahmsdorff
- HDESD Staff** John Rexford, Superintendent, Paul Andrews, Deputy Superintendent, Shawna Bell, Business Analyst, Jayel Hayden, Director of Human Resources, Anna Higgins, Coordinator for Student Success, Diane Meyers, HDEA President, Greg Munn, Director of Fiscal Services and Shelley Knutz, Executive Assistant
- Guests** Candi Fronk and Michelle Rich, Harrigan Price Fronk & Co.
- Call to Order** Bob Moore called the November 19, 2013 meeting to order at 5:35 pm

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### PRESENTATIONS AND REPORTS

#### Audit Presentation

Candi Fronk and Michelle Rich, with Harrigan Price Fronk & Co. LLP, reported the 2013 year-end audit went well again this year. They found staff to be helpful and forthcoming with information. Michelle said they had great access to departments and staff during the audit and throughout the year. Candi reviewed the Statement of Net Position, Statement of Activities, and Significant Audit Findings. She noted that High Desert ESD indirect rates are much lower than the state allowed indirect rate. Michelle worked with Ray Hasart to audit the Career Technical Education program because of its size and the complex compliance reporting.

While the district operated within budgetary limits overall, Candi said expenditures exceeded appropriations slightly in the transfer appropriation line in the special revenue fund. Greg explained that the difference is due to significantly more Medicaid Administrative Claiming time, as reported by districts through a survey process, than was expected even after an increase in budget approved by the Board during the year. The ESD acts as the fiscal agent between the state and our districts for this process and estimates the dollar volumes to be passed between the state and districts (through the ESD). The increase beyond budget this year was caused primarily by one of the random survey dates falling on a teacher parent conference day, increasing administrative response claims. We received more money than we expected to be transferred to our districts which exceeded our appropriated transfer funding level. Candi noted the facilities fund earns enough revenue to cover operating and depreciation expenses.

John Lang attended the Finance Committee meeting with the auditors. He learned how the chart of accounts is organized, and found the audit information very educational and easy to understand. Doug said he attended an OSBA presentation on fraud, and was told that anything up to \$200,000 may not be material in an audit. Candi noted they use a fund based formula and use the basis of \$35,000 in their audit work. Bob asked about the peer review process for auditors. Candi confirmed they do a peer review every three years and have consistently passed. Their peer review letter is attached to the engagement letter.

Terry Rahmsdorff asked Candi if she were in his position, is there anything the Board should be concerned about? Candi said that she did not have any concerns. Scott Reynolds complimented Greg and his team. He said it is great to hear the auditors be so complimentary of our staff.

## **Fiscal Report**

Greg introduced Shawna Bell who has recently moved into the Business Analyst position previously held by Theresa Layman. Shawna is doing an excellent job in her new role.

Greg reviewed the Finance Report for November 2013

- Revenue to date is up 11% from last year. Most of the increase is in the State School Fund (SSF).
- The 2013-2014 beginning fund balance is \$789,744, per audited financial statements.
- The latest estimate of the SSF from the Legislative Revenue Office projects our increase to be \$215,905.
- Greg reported the Finance Committee meeting was very productive. John Lang attended and asked excellent questions. John appreciated the auditors taking time to answer his questions.
- Reviewed a summary of the 2012-2013 financial activity in the General Fund ESD Admin, General Fund Local Service Plan and all other funds.
- It is common for districts to have a 6-8% balance in their LSP fund. He will contact them and let them know their revised LSP.
- Beginning in 2010-2011 we began reducing the PERS Reserve over four years to offset a portion of the PERS rate increases. Based on the current balance, we will have approximately one additional year of reserves available.

## **Better Together Update**

Anna Higgins was hired last spring to gather the tri-county region around the complex system work to create a culture of higher education around the region. Better Together is a cross sector group working collectively to improve children and youth success from cradle to career. They are committed to improving student success by using the Collective Impact approach. This Board agreed to be the backbone support organization for these initiatives.

They have started with the Bridge Programs and Education & Training to Career workgroups, identifying specific areas to focus on. Better Together will have regional initiatives with complete buy-in across the tri-county but will serve as an umbrella for all groups in the P-20 continuum. Scott asked if we are putting adequate resources and energy into early childhood education birth-8. Paul noted the original OCF grant was directed toward higher education. The early learning hub is focused on birth-5. Anna said the hope is that we are doing this work simultaneously.

Paul said Anna's biggest job is to move forward while letting everyone know what is going on. It is a challenge to move fast enough for those who are engaged but not too fast that others are feeling left out. Superintendent Rexford said he is focused on sustainability of these efforts. Anna is busy working on grants and additional funding and it is exciting to see organizations leveraging their funds. Doug noted that this is critical work. High Desert ESD is beginning to grow in this area and this will definitely be part of our strategic planning process.

## **DISCUSSION ITEMS**

### **First Reading – Policy DN – Disposal of District Property**

The question has come up about when disposal of district property should require board approval. Superintendent Rexford is recommending that the board approve disposal of district property valued above \$1,000. The board leadership discussed what the adequate number should be and is comfortable with this recommendation.

### **Superintendent's Report**

- ✓ Early Learning Hub regional application was not selected in the first round. Apparently some sections of the application did not completely upload. A protest has been filed for reconsideration and Hillary Saracino is working on resubmission. The entire state is to be covered by early learning hubs by July 1, 2014.
- ✓ The first Strategic Planning Steering Committee is scheduled on December 10 from 3-5pm. It will be a great opportunity to map out where we are headed. It is important to define the role of ESDs in the state. Our role is likely to become much more regional in nature.

- ✓ Superintendent Rexford has been appointed to the School Funding Task Force. Their first meeting reviewed the current school support formula. One area of interest is funding for children in poverty. ODE has redefined how they calculate poverty factors. The task force discussed equity because the SSF enacted in 1991 was far from equitable. They also discussed special education and transportation funding. The plan is to meet on a monthly basis with a report due to the Legislature by October 15, 2014.

### Board Chair Report

Bob asked for reports from the board members who attended OSBA Fall Regional Meeting

- ✓ Jenni said there was a lot of discussion about dual credits and the Cascade Commitment. They discussed the barrier issues around instructor qualifications.
- ✓ Bob noted OSBA brought key individuals in an ongoing effort to reach out to districts and ESDs. They discussed their frustration with the ongoing cuts to EI/ECSE.
- ✓ Ron said he was impressed by the success education had with the legislature. Education is Oregon's best resource, so what can we do to make it even better. Legislatures need to understand that citizens appreciate their efforts.
- ✓ Doug said it was Betsy and Jim's intention to get to the different parts of the state and listen to the members.

### OSBA Annual Conference and OAESD Summit

- ✓ Some legislatures are surprised at the low numbers of district who are even considering the opt out option. Of the 197 districts throughout the state, only a dozen are contemplating exercising their opt out rights.
- ✓ Doug said he noticed that because of this conversation, the difference between large and small districts stand out.
- ✓ Bob and Doug talked with the Lake and Harney County superintendents who complimented Paul and John for encouraging them to reach out when they need help. It was great to hear how helpful they find our staff.
- ✓ Ron attended the Farm to School program. Driving down the cost and improving the quality of school lunches.
- ✓ Carol said the ESD Summit helped ESD consider how we can tell our story more effectively and how we could branch out and adopt others. It felt good to be with other ESD board members focused specifically on the work of the ESDs.
- ✓ Paul said he noted that other ESDs struggle with communicating with their districts. Our governance model really alleviates this issue because five of our members are elected by our districts.
- ✓ Superintendent Rexford had a chance to visit with Representative Nathanson. She noted that High Desert ESD is doing very well and has an excellent reputation.
- ✓ Doug recognized Superintendent Rexford's excellent facilitation throughout the ESD Summit.
- ✓ Bob said he would like to see how programs are focusing on the Board goals. He thought it would be good to have program directors explain how the data they are reporting fits into the board goals.
- ✓ Doug said they had a regional round table discussion to get a true sense of what the districts truly want to see OSBA focus on. He complimented John on his facilitation and Paul on his guidance during the round table. Paul said our region really focused on early childhood.
- ✓ Terry found the conference to be very relevant. OSBA is really making great strides. The regional discussion was wonderful. Paul's ability to explain complex programs was incredible.
- ✓ Jim Green's PERS presentation was very informative.
- ✓ John Lang said his intention is to meet with the Crook County board members and discuss the strengths and weaknesses and strategic planning. He is hopeful that he might plant some seeds with their board members.
- ✓ Bob plans to talk with Jim Mabbott about a regular OAESD communication tool like an e-newsletter to share what is going on in ESDs across the state.

## **ACTION ITEMS**

### **OSBA Legislative Policy Committee Nomination**

Doug noted that Cheri Helt has been very active on the Legislative Policy Committee and represents the Central Region well.

- **Doug Nelson moved and John Lang seconded the motion to reelect Cheri Helt to the OSBA Legislative Policy Committee. The motion carried 8-0.**

### **OSBA Resolution to Amend OSBA Constitution**

Doug explained the changes are mostly housekeeping items that will make the OSBA nomination and election process clearer and more efficient.

- **Scott Reynolds moved and Ron Radabaugh seconded the motion to approve the Resolution to Amend the OSBA Constitution to change the election processes as presented. The motion carried 8-0.**

### **Consent Agenda**

- **Carol Moorehead moved and Jenni Newby seconded a motion to approve the Consent Agenda as presented including the Personnel Changes for November 2013, Disposal of Surplus Equipment, and the Board Minutes from October 15, 2013. Motion carried 8-0.**

### **Adjourn**

The November 19, 2013, High Desert Education Service District Board of Directors Meeting adjourned at 7:45 pm.

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Bob Moore, Board Chair

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Shelley Knutz, Executive Assistant