



Denver Public Schools
Professional Compensation System for Teachers

ProComp

ProComp Trust Board of Directors
Wednesday, December 14th, 2016
5:45 – 6:45 pm
Emily Griffith Conference Room 1035
1860 Lincoln Street, Denver, CO 80203

Attendees: Erik Johnson, Mark Ferrandino, Mike Johnson, David Hart, Don Gilmore (CC), Lawrence Garcia (CC), Mary Brauer, Tom Buescher, Sean O'Neill, Mark Elmshauer, Evan Holmberg

Hart: Before we begin, I'd like to announce that I have been offered opportunity to join Cherry Creek Public Schools February 17. Is this a conflict of interest? I am happy to continue in the role, but if we and CCPS decide that it is a conflict of interest, I am not sure. We can proceed with the meeting.

Called to Order at 5:45 pm

Action Item: Approval of October 5th meeting minutes

1st: Mike Johnson

2nd: Gilmore

Voice Vote: All Approved

Action Item: Approval of Audited Financial Statements (5:45 – 6:15)

Elmshauer: Introduced the Standard Communication of Audit Results, a standard communication of audit results with accounting policies as described in the letter. The primary things to note are the adoption of GASB 72 which increases disclosure; estimates on property tax receivable. Outside of that primary change there was no difference from prior years, no difficulties encountered, however there are two uncorrected misstatements –101K for difference in accrued salaries, this was deemed immaterial. There were no adjustments, but a reclassification for interfund liabilities vs receivables. No disagreements with management and a normal interaction through the year with management and all required communications with nothing out of ordinary.

Hart: Is it true that what is being dubbed as misstatement is an error with no intention of misstatement?

Elmhauser: Correct, it is misstatement in an estimate

Hart: Should there be a change in process?

Elmhauser: It's been a standard process and we would leave that to management, but we see no issues.

Hart: In the next paragraph, it states the misstatement is immaterial vs restatement material.

Elmhauser: If you look on next page it just comes down to size.

Hart: Nothing further

Elmhauser: Introduces the financial statements including the clean or unmodified statement with no change from the previous 3 years, the Auditor's opinion that they believe we are in accordance with GAAP and a letter in which we discuss any findings. The statements themselves reflect current liabilities which increased significantly due to an error in processing a transfer of property taxes that was immediately reversed but after the close date June 30 and revenues and expenses that are consistent and drove a net loss.

Hart: On the notes, are you the author or district?

Elmhauser: We help draft, district is not the author.

Hart: Any other questions?

Elmhauser: I want to be on record to highlight that you can't keep same pace of spend and also want to highlight that there was a 3 year receivable balance to ensure that the balance for admin costs is paid back to the district.

Buescher: Was there an explanation?

Elmhauser: The explanation provide was that we just weren't paying attention to the cash and we see it another fund and there are lots of due to due from which has since been addressed.

Hart: Any other questions or comments – when does your engagement end?

Ferrandino: I believe this year

Elmhauser: I think this year, but will check.

1st: Gilmore

2nd: Ferrandino

Voice vote: Garcia abstained, all other voted yes

Discussion Item (6:15-6:25): ProComp 3.0

O'Neill: Presented the progress and process to date to get to a new ProComp agreement with DCTA (ProComp 3.0)

Mike Johnson: It is an interesting exercise to get teachers' perspective – are we classifying teachers by type, location etc?

O'Neill: Yes

Garcia: Can you give more detail on the structure of in person discussions - #, when, structure, etc?

O'Neill: Yes we can provide

Buescher: What happens if we run out of money before ProComp 3.0 comes into place?

Ferrandino: Chris has been working hard to model multiple scenarios, if we can get to an agreement before, we'd like to smooth out the impact, but there will still be cuts required. There is some room, but we are aware and will work with transition team to make sure trust does not go negative.

Buescher: Interim agreement is 1 year?

Ferrandino: Yes, and depending on how negotiations go, we'd like to make interim agreements as short as possible.

Hart: What is being contemplated now will have to be reflected in 18 budget.

Ferrandino: Yes, but timing would be April with proposed budget in which we will present a fiscally sound budget.

Hart: Good, in January, could we get a sense of the calendar to manage expectations?

Ferrandino: Yes, Chris will work with the transition team to put together deadlines to make sure we get to the right place.

Hart: I want to avoid the letter from last year and add an agenda item for January meeting to include the calendar.

Ferrandino: Yes

Discussion Item (6:25-6:30): 2016 MLO

Ferrandino: We passed MLO and bond with overwhelming support and tied to passage was a 1.1% cola increase for DCTA members.

Gilmore: How do you account for new FTEs in mill funding?

E. Johnson: We are modeling fully loaded costs for FTE in mill funding (include procomp)

Hart: Budget presentation would include this analysis?

Ferrandino: Yes, most cost impact will be 17-18 anyway

Hart: Are there any future agenda items change?

Buescher: What body or bodies would determine whether there is a conflict of interest with DH's new position?

Mary will research conflicts of interest and any bodies that determine that. Hart will reach out to CCPS for their opinion and DCTA will provide their opinion.

Meeting Adjourned