



Special Session of the Board of Directors Meeting Minutes
SHSD District Office Professional Development Center · 511 Chambers Street · Steilacoom, WA
April 12, 2023

I. CALL TO ORDER

Chair Scott called the meeting to order at 5:30 p.m.
Executive Director Susanne Beauchaine led the Pledge of Allegiance.
Directors Hogan, McDonald, Rohrer, Scott, and Tinsley all present.
Director McDonald made a motion to approve the agenda, Director Tinsley seconded the motion, and the motion passed (5/0).

II. RECESS TO PUBLIC HEARING

Chair Scott recessed to Public Hearing at 5:31 p.m.

III. PUBLIC HEARING

A. Budget Extension for the 2022-23 School Year

Executive Director Shawn Lewis shared a Budget Extension for the 2022-23 school year. The extension represents a revision to the prior budget approved by the Board in August of 2022. The budget extension reflects adjustments to both revenues and expenses to the original budget. Mr. Lewis shared some of the major changes as reflected in the F200 document. The document was posted on the district's website on March 27 and has had public notification twice since March 27. Director Rohrer asked Mr. Lewis if the Board was provided the documents he was referencing. Mr. Lewis shared the documents were not in this meeting's Board packet, but they were provided to all Board members three weeks ago, and have been posted on the website since that time as well.

Questions and discussion followed. Director Hogan proposed a budget committee be assembled with teachers and community members, with himself as chair of that committee. He stated the Board is responsible for the district's budget, and asked the community to give the Board the opportunity to fix the current budget situation. Mr. Lewis clarified checks and balances that are happening within the district to ensure an accurate budget.

B. Comments from the Audience Regarding Public Hearing

- Mr. Jonathan Harris, Steilacoom resident, shared he hoped the district and Board will do a better job and pass the budget extension.
- Mr. Royce Albert, Steilacoom High School teacher, shared his disappointment about a SHS teacher whose contract was not renewed. He shared he believes the district needs an audit.

- Mr. Chancy Williams, DuPont resident and Steilacoom High School student, shared thoughts regarding staff and the athletic trainer position being cut.
- Ms. Kate Prisco, Anderson Island resident and Steilacoom High School student, shared her thoughts about the athletic trainer position at the high school being necessary for the safety of athletes.

IV. RETURN TO SPECIAL SESSION

Chair Scott returned to the Board Special Session at 6:25 p.m.

V. RECESS TO EXECUTIVE SESSION

Chair Scott recessed to Executive Session at 6:25 p.m.

VI. EXECUTIVE SESSION

VII. RETURN TO SPECIAL SESSION

Chair Scott returned to the Board Special Session at 6:50 p.m.

VIII. OLD BUSINESS - Resolution 905-04-12-23 Budget Extension for 2022-23 School Year

Executive Director Shawn Lewis shared Resolution 905-04-12-23 Budget Extension for the 2022-23 School Year.

Director Hogan made a motion to approve Resolution 905-04-12-23 Budget Extension for the 2022-23 School Year, Director McDonald seconded the motion, and the motion passed (5/0).

IX. NEW BUSINESS

A. Suspension of Policy 6022 - Minimum Fund Balance

Executive Director Shawn Lewis shared information regarding the suspension of Board Policy 6022 - Minimum Fund Balance. In recognition of a new budget revision, as outlined in Resolution 905-04-12-23, the accurate budget now reflects the district's ongoing programs and services, and the estimated ending fund balance is projected to be under 1% of prior year expenditures. Policy 1320 allows the Board to suspend a policy by a majority vote of the members present, provided all Board members have received a notice of the meeting and the notice includes a proposal to suspend the policy and an explanation of the purpose.

Director Hogan made a motion suspend Policy 6022 regarding minimum fund balance requirements for the 2022-23 school year, Director Rohrer seconded the motion, and the motion passed (5/0).

B. Approval of Resolution 906-04-12-23 Limited General Obligation Refunding Bond

Executive Director Shawn Lewis shared Resolution 906-04-12-23 Limited General Obligation Refunding Bond, which authorizes the issuance and sale of the District's Limited General Obligation Refunding Bond, 2023 in order to restructure the terms of the 2022 Limited General Obligation Bond.

Director Rohrer made a motion to approve 906-04-12-23 Limited General Obligation Refunding Bond, Director Hogan seconded the motion, and the motion passed (5/0).

C. Fiscal Audit

Director Rohrer shared that she would like to see a financial audit of the district by a third party auditor. Director Rohrer shared her belief this would cost the district \$15,000. She asked the Board to approve a financial audit.

Director Tinsley made a motion to approve a financial audit of the district, and Director Rohrer seconded the motion.

Director Hogan shared about inflation as well as enrollment declines, and their impact on the funding of a school district. He encouraged everyone to stop pointing fingers of blame and to work together to find a solution.

Director McDonald asked Mr. Lewis to share his background. Mr. Lewis shared he has spent 10 years in the state auditor's office, was Chief Financial Officer for North Thurston Public Schools, Chief Financial Officer for OSPI, a CPA, and has held numerous other financial positions over the last 30 years. She asked for clarification on the information shared by Director Rohrer. Mr. Lewis provided clarification and context of the numbers. Director McDonald also asked for clarification of Director Rohrer's statement of "mismanaged funds." Mr. Lewis shared his detailed research supported the state auditor's office reviews, and found no significant internal control issues or mismanaged funds. Minor control issues have already begun being corrected. He clarified the budget is where significant errors and omissions were made. Director McDonald also asked for clarification of what an audit is and what it would do. Mr. Lewis provided a response, sharing they would not typically audit a current budget, but rather they would audit past expenditures. Director McDonald shared that the district has already found the issue, and now needs to focus on moving forward.

Director Tinsley asked Mr. Lewis if our OSPI indicator score affects the district in any way, in terms of applying for loans, or something similar. Mr. Lewis responded that it does not, and the system was not created as indicators of an early warning system, but was created as a look-back as opposed to a look-forward. Director Tinsley shared what she as a parent would want to see from an audit, and feels that she cannot move forward until a third party reviews everything. Mr. Lewis shared that the state auditor's office is a third party and they are currently auditing the district at this time. He shared that the \$15,000 referenced by Director Rohrer earlier was for a limited procedures engagement for a very specific process (not an audit) at another school district, and that the cost to the district would be much higher than that amount. He also stated that the state auditor is on site doing a full audit of district finances with a cost of about \$45,000.

Director Scott asked Mr. Lewis to clarify that engaging in a limited engagement procedure would not be an audit. Mr. Lewis confirmed that statement.

Director Hogan shared the issue that needs to be addressed is students and teachers. He shared that everyone needs to step back and focus on what is important - maintaining our work force. He encouraged everyone to keep focusing forward.

Director Tinsley asked why the district's fund balance went from 12% to 6% several years ago. Superintendent Weight shared this was largely due to staff pay increases, to pay the district's teachers and staff what they deserve, and to play catch-up with compensation levels.

There was discussion about the difference in an audit and a limited engagement procedure. Mr. Lewis said the Board would need to clarify how much they want to spend on this and where this money would come from in the budget. Director Hogan stated that the District asked the Board

to create an audit committee several months ago, and they did not act on that recommendation. He shared the Board must also take responsibility for the district's current situation and stop pointing fingers.

Chair Scott requested Director Tinsley withdraw her motion and table it for now so that Director Rohrer and Director Tinsley could define what exactly a limited engagement procedure would entail. Mr. Lewis clarified that what was needed is a motion to table the topic until a further meeting.

Director Tinsley made a motion to table New Business Item C until the May Regular Board Meeting, Director McDonald seconded the motion, and the motion passed (5/0).

X. RECESS TO EXECUTIVE SESSION

Chair Scott recessed to Executive Session at 8:06 p.m.

XI. EXECUTIVE SESSION

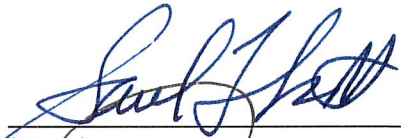
XII. RETURN TO SPECIAL SESSION

Chair Scott returned to the Board Special Session at 8:44 p.m.

XIII. ADJOURNMENT

Director McDonald made a motion to adjourn the Special Session at 8:44 p.m., Director Tinsley seconded the motion, and the motion passed (5/0).

K. Weight
(Secretary/Superintendent)


(Chair)
