



**Sisters Park and Recreation District
Board of Directors Work Session
5:30pm Tuesday, March 5, 2019**

MEETING MINUTES

1. Call Meeting to Order

- The Board of Directors meeting was called to order by President Tryens at 5:31pm on February 5, 2019 at the Coffield Center located at 1750 W McKinney Butte Rd.

Board members present: Jeff Tryens, Peggy Tehan, Bob Keefer. Jayne Simmons arrived at 5:39pm. Heath Foott was absent.

Staff members present: Courtney Snead Interim Executive Director and Chad Rush, Recreation Programs Director.

Visitors present: Matt McGowan, PayneWest and John Barnett, Barnett and Co.

- Reminders
None
- Adjustments and/or approval of the agenda

President Tryens indicated that the liability insurance presentation would be moved up since the auditor had not yet arrived at the meeting.

Board member Keefer moved to approve the agenda. Treasurer Tehan seconded. Motion carried unanimously.

2. Topics for Discussion

- Presentation on SPRD liability insurance

Matt McGowan of PayneWest Insurance presented the Board with documentation summarizing the District's liability insurance coverage. PayneWest became the agent of record on January 1, 2019 and works with a variety of public agencies in Oregon. They work with the Special Districts Insurance Services (SDIS) to provide coverage to SPRD. Mr. McGowan reviewed coverages and shared his perspective/philosophy on automobile and equipment deductibles, as well as the new higher level of crime coverage that the District instituted as of January 1, 2019.



- Presentation on FY2017-18 Audit

John Barnett of Barnett and Company CPAs presented a draft copy of the auditor letters and findings for FY2017-18 (July 1, 2017-June 30, 2018) to the Board of Directors. He indicated that the audit was challenging this year due to key staff turnover mid-audit, but also that as a result of staff turnover the audit took a deeper look than usual into financial and management practices at SPRD. He explained that the goal of an audit is to ensure that an organization's financials are free from material misstatements and that they comply with ORS and GASB standards. The audit found that there were no material misstatements in SPRD financials.

The auditors did identify three internal control material weaknesses, including payroll, the cash management system, and technology and two significant deficiencies in internal controls related to technology and financial management. Interim Executive Director Snead shared that aspects of each finding have already been corrected, and others that require system upgrades to ADP Workforce, RecTrac, and Quickbooks are in process/planned within the next calendar year.

Treasurer Tehan asked about the communication process with the Board, and how they would know if management is doing what they should be to ensure that there are no material weaknesses and deficiencies.

Mr. Barnett said that auditors typically work with management to resolve matters that are immaterial, and that this year, due to staff turnover, they determined that the Board should be made aware of these areas for future improvement.

Board member Keefer recommended that an audit subcommittee of the Board be created for future audits to meet with auditors at some point during the process so the Board is informed of these issues.

Mr. Barnett thought that was a good idea and suggested that the audit subcommittee could sit in with management on the discussions of how to improve systems and processes.

Mt. Barnett recommended moving to a fund system of accounting rather than accrual, with a supplemental schedule for tracking depreciation and prepaid expenses.



President Tryens thanked Mr. Barnett for the presentation and directed staff to bring back a report on progress toward correcting the identified deficiencies.

- Scholarship program direction

Interim Executive Director Snead provided a summary of the current scholarship program eligibility criteria and a financial analysis of donations for scholarship revenue and spending over the last two fiscal years. Staff requested that the Board have a conversation about how they would like to see the scholarship program structured moving forward.

Treasurer Tehan would prefer offering scholarships to both adults and youth rather than specifying seniors and not other adults.

President Tryens prefers that SPRD have one scholarship program for all applicants rather than separate processes for different age groups.

Interim Executive Director Snead stated that there could be one scholarship program, but that the funding/accounting would separate out the age groups because so many donors specify their preference for youth vs seniors, vs general use, which could be used for adult applicants.

Board member Keefer suggested that some programs should not be eligible for scholarship funds, such as special events and high cost programs, however it could be up to the Executive Director's discretion to approve a scholarship where appropriate. He also recommended utilizing existing social service program participation as proof of eligibility rather than requiring tax documents and paystubs, as well as the option of providing a hardship letter in extenuating circumstances.

President Tryens suggested an annual ceiling for a family and they get to decide how they spend the allocated funds for their family within that limit.

Board member Keefer agreed with President Tryens, and still suggested that special events be excluded from scholarship eligibility. He further suggested that the policy support foster children regardless of their foster family household's eligibility.

Interim Executive Director Snead asked if the current \$500/year household limit felt appropriate to Board members and the Board agreed.



President Tryens recommended that if a family meets the eligibility criteria, they would get up to \$500 for the fiscal year, and then the Executive Director has discretion to increase that if appropriate.

Treasurer Tehan suggested that a couple times per year SPRD should advertise that the scholarship program exists.

Board member Keefer also suggested getting the scholarship program information to partner organizations who support families that may be eligible for the program, as well as program instructors.

- Guidance for FY2019-20 budget development
 - i. Discuss budget set up

Interim Executive Director Snead presented a proposal for changing the budget worksheet to reflect local budget law, including specifying that SPRD utilizes program based budgeting rather than organization budgeting as its budget document framework.

President Tryens asked for clarification on how personnel will be allocated.

Interim Executive Director Snead indicated that Coffield Center employees working in the office would be included in the administration program, and other staff would be allocated to their programs.

After discussion, the Board directed the Interim Executive Director to allocate the Adult and Youth Programs Assistant to the Adult and Youth programs and all other staff as presented.

Interim Executive Director Snead asked if the Board would like to pull facilities out as a separate program from administration. The Board directed her to leave it in administration.

Interim Executive Director Snead asked if the Board would like to budget for middle school sports or if it should be omitted, given the school district's interest in offering the program next year. The Board directed her to budget for middle school sports just in case the school district is unable to fund it so SPRD has the budget authority if needed.



Board member Keefer also noted that staff should be prepared to present on how staff will focus their time that will no longer be spent on middle school sports programs. Interim Executive Director Snead indicated that staff is preparing for that discussion as part of the strategic plan conversation and will have a better idea once the needs assessment is completed this spring.

ii. Committee fee schedule

Interim Executive Director Snead presented a proposed cost recovery/fee schedule for committee club sports, tournaments, and capital investments.

Board member Keefer suggested lowering the benefits calculation from 30% to something much lower. Interim Executive Director Snead suggested 10%. Keefer also suggested simplifying merchant fees to a flat percentage rather than a percent of a percent. He also suggested that capital cost recovery only occurs on grants and not if donations and other means of facilitating a capital campaign exist.

Treasurer Tehan noted that this methodology captures the overhead costs associated with having SPRD manage the administration of committees. If a committee had to establish their own nonprofit status and manage the administration, including liability insurance, it would be much more expensive than the cost recovery proposal.

President Tehan was interested in recognizing that there are in-kind costs associated with SPRD supporting the committees and would like to see that spelled out as part of this process.

- iii. Rental fees
- iv. Program cost recovery

The Board postponed discussions of rental fees and program cost recovery to the April 2, 2019 work session.

- Other items – none



3. Adjourn Meeting

- The meeting was adjourned at 8:32pm

Respectfully submitted,

Courtney Snead, Interim Executive Director/Recording Secretary

Approved by the Board of Directors on March 19, 2019.