



**EAST OTERO SCHOOL DISTRICT R-1**  
**301 RATON AVENUE**  
**LA JUNTA, COLORADO 81050**

**BOARD WRAP-UP**

**Board of Education Special Meeting**  
**June 13, 2023**

1. **ROLL CALL** – Ayala, Backes and Derbigny. Bickel and Leyba were absent.

2. **PLEDGE OF ALLEGIANCE**

3. **APPROVAL OF AGENDA** – **APPROVED WITH NO CHANGES AS PRESENTED**

4. **FINANCIAL UPDATE**

Superintendent Lovato presented a financial update to the Board. He said the final financial audit was received this morning. He reviewed the audit and also previewed what the quarterly financial report will look like. The reports are generated from the Colorado Department of Education (CDE) template.

Superintendent Lovato explained page 8 of the audit (posted on the district website). He said the biggest change is in the transfer side. The budget that was approved last year called for a \$1.7 million transfer at the end of the year for the grants fund. Now the transfer is \$940,000 [\$900,000 of that transfer is from the capital reserve (which will always have a large transfer) and \$40,000 is from activities]. Everything else got moved into the general fund. Superintendent Lovato said the special education teachers are still coded to a grant but now are in the general fund. He said it caused some heartache between CDE and our auditor when it came down to trying to get everything to balance but they ended up being in agreement.

Superintendent Lovato spoke about the Title program funds. This fund used to be at around \$7,000,000 per year and now is at \$4,492,041. He said the one anomaly that couldn't be cleaned up and will be a carryover is \$4,953, which will be able to be removed next year. Superintendent Lovato elaborated by saying that the Title program should always zero out at the end of the year.

The next column, debt service (the district's bond), Superintendent Lovato said the beginning and ending fund balances aren't messed with much as there is a bi-annual payment made on the bond and there is also the interest earned.

Superintendent Lovato stated the capital projects column is interesting in that it shows minimal amounts. There used to be a fund 41 and 43 in the budget, one of them was BEST grant (41) and the other was capital reserve (43). After working with the auditor and CDE, these funds were combined. There is a beginning fund balance of \$300,000 in capital projects that carried over to this year, but it doesn't show the same because of the way the grants and the BEST grant cancelled out.

The other governmental funds column is where all the adjustments were made (grants and transfers) and reflects the \$940,000 transfer. Superintendent Lovato said the ending fund balance of \$1,469,962 is not really a beginning fund balance for the following year due to the fact it is combined with all the other governmental funds that fall into those other categories, including food service.

Regarding food service, Superintendent Lovato referred the Board to page 45. The food service fund balance that carried over to the 2022-23 budget was \$809,932. He shared that amount has been spent down considerably by purchasing new kitchen equipment, but there is still a high balance. Superintendent Lovato said the range should be between \$100,000-\$200,000 for food service. Director Ayala asked how the district ended up with that much money in the food service fund. Superintendent Lovato said it is due to the Covid years reimbursements and the funds can only be spent in food service.

In the old budget, there were funds 23 and 74. These funds have now been combined. The fund 74 was PTO (Parent Teacher Organization). Superintendent Lovato said he has spoken with the principals and they will be talking with their PTOs. The PTO will run independent of the district from here on out. The district will no longer manage their accounts and they will have to open their own bank account and manage it. Director Ayala asked why this change was made. Superintendent Lovato said both CDE and the auditor said this is a required change. He said the PTOs have their own governing body that chooses how to spend their money and the district has been just the fiscal agent.

This change then leaves the activity fund to be used predominately for fund raising through high school sports activities and extra-curricular activities, as well as elementary activity funds.

Director Backes clarified with the last page of the audit (page 58) showing no deficiencies means that everything checked out. Superintendent Lovato said yes and shared there will be some findings in which the district can do better and there always are. However, no major or noncompliant issues were found. The grants and understanding them need improvement. Superintendent Lovato said CDE coming to the district was greatly beneficial.

Director Derbigny asked if Superintendent Lovato is still continuing working on the financials. He said yes, and this month will be the first month back on track. Now that the beginning and ending fund balances have been received, work will begin on the 2022-23 year. He said the auditor is coming in August, which is much earlier than last year.

Superintendent Lovato told the Board he will be presenting a supplemental budget because the district's revenues and the appropriation resolution will need to change. This is due to not transferring as much money which means more spending will need to be authorized out of the general fund. Superintendent Lovato said on the June regular meeting agenda, there will be a supplemental budget for 2022-23 with all the resolutions as well as the 2023-24 final budget.

Discussion was had regarding payroll. Superintendent Lovato said the district will no longer be using ADP for payroll and it will be completed in house again. ADP struggled with the district's extra duty pay, federal tax withdrawal and PERA. He said he continues to work with ADP in order for them to make necessary corrections and generate reports.

**5. NEW BUSINESS**

- a. Approve Intermediate School Carpet Installation (Lovato) **APPROVED IN THE AMOUNT OF \$21,884.00 AS PRESENTED**

**6. BOARD COMMENTS**

- ✓ Director Derbigny asked about some concerns that were brought to her. She shared a flashlight was stolen at the swimming pool and it was brought to Mrs. Derbigny's attention that a water fountain needs to be installed in the pool area. Director Derbigny also asked Superintendent Lovato if the Literacy Program is still an effective program for the students. She said the way the program is run has changed and wonders why the district still takes part in the program. Director Derbigny also inquired why there were so many open coaching positions.
- ✓ Superintendent Lovato informed the Board he would like to schedule a building walk through sometime in July. He said a walk through hasn't been done for several years. He also shared he has found someone that will repaint the Intermediate School cupolas and he is also looking into seeing if he can get the Intermediate School on the historical registry. By doing this, there may be grant funds available which will help with the painting project. The plumbing repair at Primary School has begun. Regarding the bus barn, Superintendent Lovato said the drop ceiling is being installed this week. Valley Plumbing is also connecting the sewer services this week as well. He said the bus barn should be completed by the end of the month.
- ✓ Director Backes stated the financial report is what she has been asking for quite a while and thanked Superintendent Lovato.

**7. ADJOURNMENT – MEETING ADJOURNED AT 6:52 p.m.**

**BOARD OF EDUCATION**

**DEE LEYBA, President**                      **ANGELA AYALA, Vice President**  
**DARLENE DERBIGNY, Secretary/Treasurer**                      **KIDRON BACKES, Director**  
**KRISTIN BICKEL, Director**