



Delaware Design-Lab High School

Board of Directors Meeting

Monday, 24 October 2016, 6:30 p.m.

179 Stanton Christiana Road, Newark, DE 19702

Meeting Minutes- External Version

Members Present

Matt Urban, Chair

Paul Miller, Vice Chair

Rebecca Collins, Don France, Rebecca Girtten (by video), Joe LoPorto

Also present: Cristina Alvarez, Joseph Mock, Martin Rayala, Christina Hembree, Mark Talmo, accountant Michelle Lambert (by phone), auditor Ed Fronczkowski

Mr. Urban called the meeting to order at 7:05 p.m.

Approval of Minutes

Minutes from the September meeting were presented for review prior to the meeting. Mr. Miller motioned to approve the minutes as written. Mr. France seconded the motion, which was approved unanimously.

Financial Reports

Financial Statements

Michelle Lambert from Michelle J. Lambert, CPA LLC presented the September 2016 financial statement.

September 30 marked 25% of the fiscal year, and the spend rate stands at 23%, so we are operating at budget. We have received approximately \$1.9M, or 46% of our budgeted revenue, to date. Reclassification of various line items was completed; most differences continued to be due to timing. The main exception was insurance, which will be re-forecasted going forward.

Ms. Collins motioned to approve both the September financial report. Mr. Miller seconded the motion, which was unanimously approved.

FY17 Budget Amendment

This item was tabled to next month, as transportation funding has not yet been delivered.

FY16 Audit Report

Ed Fronczkowski from Maillie, LLP presented the FY16 audit report. The audit opinion is unmodified, i.e., nothing was discovered that required qualification of the audit information presented. The engagement team was independent of Design-Lab High School. Mr. Fronczkowski described the audit process and what specifically was looked at across income and expense categories. Board members asked some more targeted questions about server/file security and storage.

We ended the year with about \$700k in net assets and liabilities of about \$1.1M, so we're looking at a total net position of (\$390k). We were \$74k below budget on expenses. Calculation of liability for the defined benefits plan is a year behind, so it's showing up as zero. The deferred outflows are payments toward the defined benefits plan, and will be amortized over the next five years.

Our system of internal controls is generally effective and is preventing any errors other than two findings, which are not, however, “material weaknesses,” and have either already been completely corrected or are in the process of being so:

- 1) Accounting policies and procedures needed to have been put in writing, although we are already in the process of doing so.
- 2) In the first year, there was no segregation of duties involving cash receipts; one person was responsible for all points of receiving and depositing funds. That has already been corrected as we’ve added staff members in FY17.

Other items of note:

- The financial report is presented as two different statements. First, on a full accrual basis (which is how we operate), and second, on a modified accrual basis (which is how we are required to report as a state agency).
- The statement of activities is usually viewed on a comparison basis with prior years, but because there were no operations in the previous fiscal year, there is nothing to compare.
- The budgetary comparison schedule is on a full accrual basis and shows a positive net balance.
- A review against the state financial framework would categorize us as “far below standard,” because our liabilities completely exceeded our assets. However, this isn’t particularly surprising for the end of the first operational year, and is somewhat mitigated by having extra cash on hand.

Mr. LoPorto motioned to approve the audit report, and was seconded by Mr. Miller. The motion was unanimously approved.

Facilities Update

Mr. Talmo gave some final updates about the construction of the modular units. The county did a preliminary inspection earlier today and will return for a final inspection on Wednesday of this week, 10/26. The certificate of occupancy should be available as soon as Wednesday. Furniture has been delivered, and phones will be in place on Saturday. Mr. Talmo anticipates that we’ll be fully operational by next Monday, 10/31.

Policy Committee Updates

Suicide Prevention Policy Update

Mr. Mock reported that a committee of teachers and administrators was formed, all teachers received a copy of the policy, and all online trainings have been completed.

Capitalization/Expenditures Threshold Policy

Ms. Collins asked to table this to next month to give priority to financial policies.

CEO & Principal’s Reports

Dr. Alvarez did not provide a formal CEO report this month.

Mr. Mock reported that formal teacher evaluations will begin on 10/31, and the first round of MAP testing has begun. Regarding staffing, the 10th grade biology teacher resigned due to family reasons, and we are looking for a replacement. A school nutrition manager/lead server was also hired. Climate and culture data was provided, and Mr. Mock noted that we have made massive strides over the last year. Mr. Urban requested year-to-year comparison of this data going forward. Our final enrollment count for 9/30 was 273, which did not match our 280 target. We are unsure how this will affect the state’s review of our enrollment targets. A town hall meeting will be held on 11/5 from 10am-12pm, with the goal of providing parents with additional transparency regarding XQ and some other items. Board members were encouraged to attend, and Mr. LoPorto gave a tentative RSVP. Finally, there was a short discussion of the creation of a service requirement, how other schools compared, and how the enactment of such a requirement would impact students who are already enrolled.

Executive Session

At 8:20 p.m., Mr. Miller motioned for the board to enter executive session. Mr. Urban seconded the motion, which was unanimously approved.

During the executive session, the board discussed items excluded from public record.

Ms. Girten motioned to exit executive session. She was seconded by Mr. Urban, and the motion was unanimously approved. The board exited executive session at 9:38 p.m.

There being no other business, the meeting adjourned at 9:38 p.m.

Respectfully submitted,

A handwritten signature in cursive script that reads "Rebecca Girten".

Rebecca Girten
Secretary