



## ***Financial Oversight Committee Meeting***

1829 Denver West Dr., Building 27  
Golden, CO 80401

### **Meeting Minutes** January 8, 2019 – 10:00 a.m.

#### **Financial Oversight Committee (FOC)**

##### **Members Present:**

Brian Ballard  
Mike Bestor  
Gordon Calahan  
Mary Everson  
Scott Tarbox  
Bob West

##### **Committee Members and Staff Absent:**

Dr. Jason Glass, Superintendent

##### **Staff Present:**

Kathleen Askelson, Chief Financial Officer  
Steve Bell, Chief Operating Officer  
Nicole Stewart, Director, Budget and Treasury  
Stephanie Corbo, Director, Finance  
Debbie Rainguet, Exec. Assist. to CFO

##### **Independent Auditor and Other:**

Paul Niedermuller, CliftonLarsonAllen, LLP

**Welcome and Introductions:** Brian Ballard declared a quorum.

**Approval of the Minutes:** Bob West moved to approve the minutes for December 4. Gordon Calahan seconded. The motion carried unanimously and the minutes were approved as presented.

**Audit Committee December Meeting Recap:** West reported on the December Audit Committee. Highlights included an external audit update for first quarter 2018-2019 with a deep dive review of the Comprehensive Annual Financial Plan (CAFR) for fiscal year ending June 30, 2018 and an audit review by the independent auditors. West pointed out that the district added a .5 full time employee (FTE) to support internal audit. Stephanie Corbo advised that the additional support has allowed the district to increase the internal audit frequency at elementary schools from 5 years to 2.5 years.

**Committee Application Process:** Kathleen Askelson stepped through the district process for filling vacancies on Board advisory committees. There was discussion regarding the timeline and application process from announcement of vacancies and member recommendations through final appointments by the Board of Education in June. Staff will provide the committee with information for further discussion at the February 5 meeting. There was discussion regarding term limits; Askelson clarified that per district and Board policies there are no term limits for the Financial Oversight Committee (FOC).

**CAFR Follow-up Questions:** Staff provided follow up and clarification on comments from the committee regarding information presented in the CAFR including how sick, personal and vacation leave are accrued and reported on financial statements and confirmation that the \$213 million maturity for GO bonds covers 5 years; that the district is well within legal debt limit at only .42 percent of what is authorized; that reporting of post-employment benefit is part of PERA; that the line item for delinquent taxes represents delinquent collections as reported by the county; and that timing for availability of 2018 enrollment counts are expected to be released by Colorado Department of Education (CDE) in January.

Also discussed was a question as to why with declining enrollment the district has additional FTE for 2018/2019. Staff noted that a few factors that have contributed include additional positions, such as for mental health and PARA supports, because FTE decisions are site-based with student based budgeting (SBB); and additional FTE due to the opening of Rose Stein and Three Creeks.

**Budget Update – Fund Balance and Reserve Planning, 2017/2018 Budget Increase Results, Status of 5A, and Report on School Improvement Fund:** As part of the development of the 2019/2020 budget, the committee reviewed district policy DAB, Fiscal Management – Fund Balance, with regard to reserves planning. There was discussion regarding best practice recommendations to have 8 to 16 percent in reserves. Staff noted the district is currently at 12 to 13 percent not including TABOR and not recommending any spend down of reserves. Askelson noted that school carry forwards are not included in reserves balances. She clarified that because reserves are a percentage of expenditures, reserves totals will increase as expenditures increase.

The FOC will communicate to the Board of Education (BOE) that it recommends maintaining reserve balances at or above the 8 percent level on an unassigned basis per the Government Finance Officers Association best practices.

Nicole Stewart presented an overview of 2017/2018 budget increase results for the use of additional one-time and ongoing funds. She noted that the presentation was presented to the BOE at the December 19 study session and is available on BoardDocs. The presentation covered outcomes and results for the increase requests that were submitted as part of the budget development process through SBB for schools and budgeting for outcomes (BFO) for departments. Stewart noted that staff is continually refining the process for evaluation and assisting departments and schools with how to determine if the outcome is successful. There was discussion how to message the outcomes and successes to the community.

Stewart provided a quick overview of a presentation on follow up for the \$2.2 million in school improvement funding that was presented by Karen Quanbeck and Kristopher Schuh to the Board of Education on December 19. Based on comments and questions from the committee, Stewart encouraged the committee to listen to the recorded discussion of the presentation in BoardDocs to hear feedback from the achievement directors and principals on goals, how the funds were used, and the process for measuring and collecting data to evaluate and measure outcomes. There was discussion regarding the criteria used to identify schools, the intended goal of the funds to be temporary and pre-emptive to help a school get back on track, challenges over time due to student and culture changes, and funds tracking.

Askelson presented an update on how 5A mill levy override (MLO) funds will be integrated into the budget process for current year and for 2019/2020. Highlights included the process for submitting and prioritizing funding requests, review to assure the requests fall within ballot directed use, and that the dollars align with the current Board's guidelines for expenditure percentages by category. Askelson noted that 5A MLO funds will not be available until receipt of property taxes in the spring and that expenditure of these funds in 2018/2019 will require a supplemental budget appropriation. The Board will receive information on funding requests at the January BOE meetings in anticipation of bringing the supplemental budget request in February.

Askelson noted that as part of the ballot language for 5A, the FOC has oversight responsibility. There was discussion regarding the committee's obligation under the ballot language for oversight of the 5A funding. The committee recognizes its obligation as a committee to provide oversight of the 5A funds and will work with staff to define a process that will provide the information needed to fulfill its oversight responsibilities. There was further discussion about funds tracking, use of BFO forms to review

actual expenditures by category, possible addition of reports specific to MLO in 2019/2020 quarterly reports, and clarification on reporting of MLO as listed separately from state funding.

Askelson stepped through the detail of funding requests for use of 5A MLO funds as identified by Cabinet along with a summary by category that covered current year and 2019/2020 for one-time and ongoing funds.

There was further discussion about proposed legislation for funding full day kindergarten, and the potential funding challenges and impacts for Jeffco. Askelson noted that all information is preliminary and that staff will continue to follow the issue as it moves through the legislation session. With regard to questions about preschool, she clarified that the additional funding for kindergarten could free up funds to help expand preschool offerings but that it would not allow for elimination of fees for preschool.

Askelson confirmed that the Board will discuss the 5A funding requests at the January 10 and 16 meetings.

Askelson reviewed a draft questionnaire that will be pushed out to the community for feedback on 5A MLO funding priorities. She noted that the questions tie to the ballot language as well as the current Board-directed percentages for expenditure by category. The information collected will be shared with the BOE to assist them as they make final decisions on expenditure priorities for the 5A funds. There was discussion regarding wording changes to help with clarity.

**Bond Update: Issuance and Repurchase Agreement:** Askelson and Steve Bell reported on the bond sale noting that with proceeds, the sale resulted in \$375M for construction after the cost of issuance. There was discussion regarding the efforts of staff and the underwriting team to be ready for a December sale and the presale efforts of the underwriters that ensured a successful sale. Steve Bell and FOC commended the finance team for their focused and hard work necessary to complete ratings reviews and prepare the necessary documents that positioned the district for a December sale ahead of other districts and while markets were favorable, all contributing factors for a successful sale. The committee recognized that the foresight and due diligence by the finance team demonstrates its commitment to being positive stewards of taxpayer dollars.

There was further discussion of the underwriters' performance, impact of bond ratings versus sale timing, interim and ongoing investment of bond funds, project timing, and oversight of bond funds by the Capital Asset Advisory Committee.

**FOC Conclusions/Recommendations:** FOC will submit conclusions/recommendations for reserves and use of 5A funds, as well as feedback on the bond sale, to be included with budget related agenda items scheduled for the BOE meeting on February 7, 2019.

**Wrap Up and Next Meetings:** Askelson noted the dates of the upcoming BOE meetings on January 10 and the study session on January 16 with the next FOC meeting on February 5.

The meeting adjourned at 11:50AM