



Financial Oversight Committee Meeting

Education Center, 4th Floor Seminar
Room
1829 Denver West Dr., Building 27
Golden, CO 80401

Meeting Minutes **August 23, 2022 – 9:30 a.m.**

Financial Oversight Committee (FOC)

Members Present:

Christine Havlin
Gordon Calahan
Brian Ballard
Theresa Shelton
Melissa Jamieson
Amy Alvarez

Committee Members and Staff Absent:

Jessica Keene

Staff Present:

Tracy Dorland, Superintendent
Brenna Copeland, Chief Financial Officer
Steve Bell, Chief Operating Officer
Brian Sammons, Budget Manager
Christie Moss, Controller
Jeremy Eddie, Director of Strategic Initiatives
Charley Falkenburg, EA to CFO

Independent Auditor and Other:

Paul Niedermuller, Clifton Larson Allen, LLP

Welcome

Brenna Copeland called the meeting to order. New committee members Theresa Shelton, Melissa Jamieson, and Amy Alvarez were welcomed, and all attendees provided a brief introduction of themselves and their backgrounds.

It was announced that the FOC has an open chairperson position. The committee decided to defer voting on a new chairperson until the September 27 meeting.

Approval of Minutes

Committee member Calahan moved to approve the May 24 meeting minutes. Committee member Havlin seconded the motion. The motion carried unanimously, and the minutes were approved as presented.

Review of FOC Policy Guidelines

Ms. Copeland provided an overview of two core FOC policies: DIEE and DIEE-R. It was emphasized that the FOC helps guide and advise the work needed to align expenditures and revenue to true up the financial picture of the district. It was highlighted that the FOC member screening process excludes current district staff members to ensure the committee can exercise independent judgments without interference per policy DIEE-R. Preference is given to Jeffco residents.

The FOC also reports periodically to the Board of Education to provide recommendations. This year FOC leadership are scheduled to attend three Board meetings to provide the committee's recommendations. The first time the FOC is scheduled to go before the Board is the November 2 Board meeting. The committee will receive the full list of dates and details of these three meetings in advance.

It was confirmed that the FOC is solely an advisory committee. Ms. Copeland will provide committee member Shelton with the Board policy language that speaks to that function.

Update: Association Contract Negotiations

Ms. Copeland provided an update on the negotiated agreements with JESPA and JCEA. JESPA negotiations concluded in late May and the contract was approved by the Board of Education at the July 26 Board meeting. That estimated cost was included in the FY23 budget that was presented to the committee members at the May FOC meeting and then adopted by the Board in June.

JCEA declared impasse in late May prompting the district to rework the offer and options throughout June and July. Mediation was conducted August 3rd and the district and JCEA reached agreement on that date. The contract was approved by the Board at the August 19 meeting. The estimated cost exceeds what was included in the FY23 adopted budget so a resolution for a supplemental appropriation will go before the Board at the September 15 Board meeting, which will add another \$4.4 million in estimated expenses.

Discussion ensued on staffing impacts and the upcoming proposed supplemental appropriation. It was noted that in its advisory capacity, the FOC may address fiscal concerns resulting from negotiated agreements in its recommendations to the Board of Education. The FOC does not have an official capacity in the negotiation of these agreements directly.

In anticipation of the Board decisions on school consolidations in November, it was emphasized that the FOC must provide their recommendations in advance to maximize their impact on the consolidation costs/savings as well as the FY24 budget. Ms. Copeland noted that the majority of the annual general fund expenditures are expended in schools and if the FOC wishes to recommend changes to district expenditures for FY24, it would be important to make those recommendations prior to schools receiving their allocated budgets in early January 2023.

Review: Adopted 2022-23 Budget

Mr. Sammons provided a review on the adopted 2022-23 budget, which was adopted by the Board on June 8 2022. An overview of the budget was provided, which primarily focused on the general fund and a multi-year projection on the funded count subsidy. The adopted budget includes an estimated increase of \$16.7 million in general fund revenue and \$41.7 million in general fund expenditures compared to last year. It was noted that the estimated draw on general fund balance in the FY23 adopted budget is \$28 million, which will increase to \$32.5 million with the adopted JCEA contract.

It was noted that the funded count has been declining as the five-year average of our total enrollment catches up with our actual enrollment. The difference between the five-year average and the actual enrollment provides about \$30M in subsidy funding in FY23. If enrollment declines level off, the funded count will catch up to the actual count in FY26. The \$30M in additional funding will peel off over the three year period from now to FY26.

Presentation: Regional Opportunities for Thriving Schools

Mr. Eddy provided a presentation on the district's initiative of Regional Opportunities for Thriving Schools, which strives to address declining enrollment while providing the best opportunities, programs, and learning environments for students across the district. The district has the capacity for 96,000 students but is currently only serving 69,000 students.

Superintendent Dorland confirmed that at the August 25 Board meeting, the district will announce their school closure recommendations and present preliminary estimates for cost savings on an annual basis from the announced proposed elementary school closures. The cost savings will be presented as a range of potential values given uncertainties about where students will go to school if their current school is closed.

Phase II of the Regional Opportunities for Thriving Schools is anticipated to start in January 2023 and will focus on K-8s, middle schools, and high schools, and will focus more from a programmatic lens. A programming map is being developed to analyze where the district is offering different types of programs at the secondary level.

A brief discussion ensued on building use for the closing schools and options to generate funds. The district will not start broad conversations about potential building use until after the board decision in November and no sooner than January 2023.

The district is focused on four key initiatives in 2022-23. These initiatives include 1) healthy and equitable start times, 2) Regional Opportunities for Thriving Schools, 3) developing a thriving and inclusive culture aligned with district values, and 4) implementing a data dashboard.

Superintendent Dorland recommended that the FOC consider involvement in the upcoming public and community engagement opportunities. She mentioned that FOC members are welcome to attend or livestream the August 25 and November 10 Board meetings. Specifically, the Superintendent would like FOC to review the staff's financial analysis for potential cost savings relating to school closure, share feedback or questions with staff and then address FOC's thoughts on the potential financial opportunity/impact for the school closures when FOC addresses the Board November 2nd. Over the course of the year, the Superintendent would further like the FOC to weigh in with thoughts on appropriate targets for the district fund balance and opportunities to address the budget deficit for FY24 and beyond.

The forthcoming consolidation recommendations will be posted to BoardDocs as of Aug 25th.

Next Meeting Preview

The next FOC meeting will be held on Tuesday, September 27 and will likely focus on the cost implications and/or estimated savings related to school consolidations so that the FOC can review the assumptions and provide feedback/questions to staff.

Adjournment

The meeting adjourned at 11:33 AM.