



Financial Oversight Committee Meeting

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

Meeting Minutes **December 3, 2019 – 10:00 a.m.**

Financial Oversight Committee (FOC)

Members Present:

Brian Ballard
Mike Bestor
Gordon Calahan
Leanne Emm
Mary Everson
Scott Tarbox

Committee Members and Staff Absent:

Kyla Jones
Dr. Jason Glass, Superintendent

Staff Present:

Kathleen Askelson, Chief Financial Officer
Nicole Stewart, Director, Budget and Treasury
Stephanie Corbo, Director, Finance
Steve Bell, Chief Operating Officer
Tim Reed, Exec. Director, Facilities and
Construction Management
Debbie Rainquet, Exec. Assist. to CFO

Independent Auditor and Other:

Paul Niedermuller, CliftonLarsonAllen, LLP
Dylan Garrison, CliftonLarsonAllen, LLP
Brad Rupert, Board of Director
Susan Miller, Board of Director

Welcome and Introductions: A quorum was declared.

Approval of the Minutes: Mike Bestor moved to approve the minutes for November 5, 2019. Gordon Calahan seconded. The motion carried unanimously.

2018/2019 Comprehensive Annual Financial Report and Review with Auditors: Paul Niedermuller, with the independent audit firm of CliftonLarsonAllen (CLA), discussed the responsibilities of both the independent audit firm per Generally Accepted Auditing Standards (GAAS), noting that the work includes expressing opinions on financial statements, performing the audit in accordance with required auditing standards, consideration of internal controls, and communicating significant matters related to the audit. District responsibilities cover preparation and presentation of financial statements in accordance with Generally Accepted Accounting Principles, including the design, implementation and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement.

Niedermuller explained that the scope of engagement for the annual audit commits CliftonLarsonAllen to issue an opinion on the financial statements (pages 32 through 80 of the CAFR), conduct a single audit of a major federal program, which for 2019 was the Individuals with Disabilities Education Act (IDEA) program, and provide required communications.

Following the overview of the audit process, Niedermuller stepped through the CAFR document. Highlights included clarification on reporting for governmental funds; review of notes to the financial statements; reporting of and impacts to the district for the PERA pension liability; and reporting of capital assets. He updated the Board on a financial statement finding where an Information Technology multi-year subscription expenditure was expensed in 2018/2019 and not reported as a prepaid expenditure. This resulted in expenditures being overstated and prepaid expenditures being understated. Niedermuller noted that the district staff agreed with the finding and corrected the

financials in the current year; in addition, staff reviewed and enhanced internal controls and provided stringent training on district accounting practices.

Niedermuller commended staff on the positive outcome of achieving a clean, unmodified opinion per the Independent Auditors' Report on the financials and the IDEA single audit program.

2020/2021 Budget Development Update: Askelson reviewed the budget update that was presented at the November 13 Board of Education meeting. She noted that the information in the presentation was very preliminary with enrollment estimates pending release of final October enrollment counts from the Colorado Department of Education in November and an estimate for retirement and turnover savings that will need to be refined. Other proposed statewide assumptions per the governor's proposal for the upcoming year include 1.7 percent inflation and a \$40 million decrease to the budget stabilization factor. As an example of how costs might come together, Askelson presented preliminary estimates for new state funding less a funding reduction due to an estimated enrollment shortfall, an estimate for a compensation increase that would include Steps/Levels and the mandated PERA increase. Askelson noted that all estimates are very preliminary; in addition, all cost assumptions for building the 2020/2021 will be as directed by the Board. Staff will continue to provide updates as the legislation session moves forward.

Nicole Stewart presented a summary of results from the \$5.6 million in Board directed investments for the 2018/2019 budget. She noted that full details for each of the requests were included on the Budgeting for Outcomes (BFO) forms that were included in the Adopted Budget book. Discussion covered requests that fell short of expectations. Stewart clarified that the \$200,000 for JCEA community partner did not play out as anticipated due to inability to consistently train or provide home visit services; thus the money will be brought forward through negotiations and the BFO process. Askelson noted the presentation will be presented to the Board of Education on December 12 and is available in BoardDocs as an attachment.

Bond Program and Facilities Update: Steve Bell and Tim Reed provided an overview of capital projects related to the 5B Bond funding. Bell reported that following the issuance one year ago of \$326M in bonds, the district has \$405M to spend on capital projects. The amount expended to date is \$75M with another \$20.8M encumbered and an additional \$70M anticipated to be spent by end of the year. Bell confirmed that the district is monitoring expenditures to assure compliance with Arbitrage that requires the district to be 85 percent spent in three years or face possible fines. Staff will continue to monitor and report on percentage spent as part of the quarterly financial reports. Reed reviewed the list of projects completed for year one as well as targeted milestones for year two. There was discussion regarding demolition of temporary buildings, impacts to deferred maintenance, project staffing, and expenditure timing.

FOC Conclusions/Recommendations: Following discussion, the committee commended district staff on the unmodified, clean opinion for the annual audit and acknowledged that the district's financial team is doing good work and is very competent. Once the document is final it will be attached to the agenda item for the CAFR/Audit presentation on December 18.

Wrap Up and Next Meetings: There was discussion regarding GASB 68 question. Askelson noted that all district charter schools are included in the district's accounting system which adds a layer of complexity. She noted that the district works with all charter schools on an early deadline for submission of financials to assure that the district receives charter school financials on time to avoid problems with the financials that could impact the district's ability to meet deadlines per statute.

Stephanie Corbo discussed information that was distributed to the committee in response to a question at the November meeting with regard to the fuel efficiency of propane powered buses. Corbo noted that miles per gallon for propane buses is lower and cheaper than miles per gallon for diesel buses; however,

diesel powered buses have better MPG than propane powered whereas propane are at a slight cost advantage and better for the environment.

Other updates and discussion included declining enrollment and estimate variances, planning for budget reductions, student based budgeting formula analysis, and parameters around school closures.

Askelson advised that upcoming Board meetings are scheduled on December 12 and 18 with the next FOC meeting on January 7.

The meeting adjourned at 11:40 a.m.