



Financial Oversight Committee Meeting

Remotely via Zoom
1829 Denver West Dr., Building 27
Golden, CO 80401

Meeting Minutes **August 4, 2020 – 10:00 a.m. via Zoom**

Financial Oversight Committee (FOC)

Members Present:

Brian Ballard, Chair
Mike Bestor
Gordon Calahan
Leanne Emm
Mary Everson
Kyla Jones
Scott Tarbox

Committee Members and Staff Absent:

Dr. Jason Glass, Superintendent

Staff Present:

Kathleen Askelson, Chief Financial Officer
Steve Bell, Chief Operating Officer
Nicole Stewart, Budget and Treasury Director
Debbie Rainguet, Exec. Assist., Financial Svcs

Independent Auditor and Other:

Paul Niedermuller, CliftonLarsonAllen, LLP

Welcome and Introductions: Brian Ballard called the meeting to order and declared a quorum.

Approval of the Minutes: Mike Bestor moved to approve the minutes for June 2, 2020. Kyla Jones seconded. The motion carried unanimously, and the minutes were approved as presented.

Staff Reports: Kathleen Askelson reviewed district hiring updates. She commented on the announcement that Dr. Glass is leaving the district to take a job as commissioner with the Kentucky Department of Education and confirmed that no interim superintendent has been appointed. Recruitment for a new superintendent will begin in the fall with an anticipated start of July 1. The job opening for Director of Finance closed the end of July and applicants are being reviewed. Askelson announced that she is retiring the end of August. The Chief Financial Officer job opening also closed the end of July and applicant review is underway.

FOC Applicant Review and Recommendation: There was discussion of the applicants who applied for the vacancy on Financial Oversight Committee. Following discussion, Mary Everson moved to recommend Charlotte Franson as the committee's recommendation to fill the vacancy on FOC. Gordon Calahan seconded. The motion carried unanimously. Staff will communicate the committee's recommendation to the Board.

Budget Update: 2020/2021 Adopted Budget, COVID-19 Impacts, and Future Budget Planning: Askelson updated the committee on the status of closing the 2019/2020 financials including salary accruals, late invoice accruals, and posting of final revenue from property and specific ownership taxes.

Askelson stepped through some of the final changes to the 2020/2021 budget which was adopted at the June 17, 2020, Board of Education meeting. She commented on challenges that the state of Colorado is experiencing due to the COVID-19 pandemic that will likely continue for several years resulting in anticipated revenue reductions and budget deficits for the district. She noted that district impacts from COVID-19 related expenses were offset by one-time funding received for 2019/2020 through the CARES Act which will be distributed through two sources: CRF funds through the governor's office which the district has received and ESSER funds to come directly from the federal government. The \$36 million of CRF one-time funding allowed the district to apply over \$20 million in allowable costs for 2019/2020, resulting in a budget savings in

2019/2020 that will be carried forward to 2020/2021 to help offset the anticipated budget deficit. Askelson pointed out that if the district does not receive CARES Act funding for 2020/2021, the anticipated budget shortfall for the district will increase by \$42 million.

Askelson explained that determination of operational costs for the 2020/2021 school year due to the unknowns of how school will look for the coming year has been the biggest challenge. She stressed that the Restart Plan is fluid and several questions remain as to how students will be counted and how funding will be determined if students opt to temporarily attend school remotely due to the pandemic. The caution is that student count variances could result in revenue reductions if the Colorado Department of Education requires that all students attending remotely be classified as virtual students. Other challenges have been planning for transportation and food services costs for the coming year. Expenditures for the two areas are highly difficult to estimate with so many unknowns about how school will be conducted, what changes may be needed, and/or what impacts occur due to outbreaks and shifting attendance by students.

There was discussion regarding capturing the costs that can be attributed to the grants for the CRF funds, challenges with obtaining PPE equipment, and determining what model to use for ESSER funds.

Staff updated the committee on the status of negotiations with the employee associations. Jefferson County Education Association (JCEA) met on June 24 and has not completed compensation. Jeffco Education Support Professionals Association (JESPA) is meeting later in the day. JESPA submitted a counterproposal on compensation. The committee commented on concerns about revenue impacts due to the pandemic, anticipated budget deficits, and the use of one-time funds for long-term expenditures.

There was discussion regarding district impacts due to COVID-19 including the challenges of purchasing PPE and designing the Restart Plan with so many unknowns.

Askelson presented an overview of reduction planning for 2021/2022 and the tools that will be used for community engagement.

FOC Conclusions/Recommendations:

Following an update the financial status of the district for 2019/2020, impacts of the COVID-19 pandemic and an update on future budget planning, there was discussion regarding the use of reserves. Due to the financial uncertainty as a result of the COVID-19 pandemic, the FOC recommends that financial risks be weighed when considering the use of one-time funds to cover long-term expenditures since the district is likely facing a budget deficit for the next several years; and that the district start budget reduction planning as early as possible in the fall with a process that includes a community engagement plan. Staff will communicate the committee recommendation to the Board.

Wrap Up and Next Meetings: Askelson reviewed dates of upcoming meetings. The committee thanked her for her decades of leadership and service that they noted demonstrated integrity and transparency and contributed to ensuring financial stability for the district.

The meeting adjourned at 11:08 a.m.