



Financial Oversight Committee Meeting

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

Meeting Minutes

October 6, 2020 – 10:00 a.m. via Zoom

Financial Oversight Committee (FOC)

Members Present:

Brian Ballard, Chair
Gordon Calahan
Charlotte Franson
Mary Everson
Kyla Jones
Scott Tarbox

Committee Members and Staff Absent:

Kristopher Schuh, Interim Superintendent
Leanne Emm

Staff Present:

Nicole Stewart, Interim Chief Financial Officer
Steve Bell, Chief Operating Officer
Tim Reed, Executive Director, Facilities and
Construction Management
Jason Hendricks, Acting Budget and Treasury Director
Debbie Rainguet, Exec. Assistant to CFO

Independent Auditor and Other:

Paul Niedermuller, CliftonLarsonAllen, LLP

Welcome and Introductions: Brian Ballard called the meeting to order and declared a quorum. Newly appointed member Charlotte Franson was introduced and introductions were made.

Election and Financial Policy, Charter and Annual Planning Calendar Review: There were no questions or requests for discussion regarding any of the policy or planning calendar documents that were distributed with the packet including policies DIEE, DIEE-R, DAB, DAF/DFAA and DFA/DFAA-E and the annual planning calendar. Staff advised that all district policies are available online through BoardDocs. Election of officers will be covered at the November meeting.

Approval of the Minutes: Scott Tarbox moved to approve the minutes for September 1, 2020. Kyla Jones seconded. The motion carried unanimously, and the minutes were approved as presented.

2019/2020 Fourth Quarter Financial Report: Paul Niedermuller, independent auditor from CliftonLarsonAllen (CLA) noted that as part of the Agreed Upon Procedures agreement, CLA does not review fourth quarter financials for the district. He updated the committee on the status of the annual audit and preparation of the Comprehensive Annual Financial Report (CAFR).

Mary Cooper, the district's director of finance, stepped through a presentation to review the Fourth Quarter Financial Report. She noted that the financial reports are unaudited. Topics covered included the status of operating cash, a funds overview of all 15 funds, a review of the two funds being monitored and observed, an overview all funds which were noted as operating per plan, and an "On the Radar" update about notable activity at the district.

Cooper advised that the district monitors cash flow needs due to timing of property taxes being received in the spring, and confirmed that at this time, the district does not anticipate the need for a line of credit as cash is adequate. Regarding the funds being monitored, Food and Nutrition Services had declining revenue from food sales and reimbursable meals primarily due to impacts of COVID-19. A supplemental appropriation was approved to transfer \$3.9 million from the General Fund to offset the loss. The fund balance is adequate at approximately

\$5 million; however, the district will continue to monitor. The Central Services fund, also being monitored, experienced a revenue loss due to lower volume as a result of the new PaperCut system and impacts of COVID-19; however, staff is monitoring to determine if a change to the billing fee is needed and the fund has an adequate fund balance.

Other highlights included an overview of the Capital Reserve-Capital Projects and Building Funds, status of spending since issuance, and compliance with Arbitrage requirements. Cooper also provided a brief update on the status of the Campus Activity, Transportation, Child Care, Property Management, Employee Benefits, Insurance Reserve and Technology Funds. With regard to the Charter Schools Fund, she noted that all 16 charter schools ended with positive cash balances. Issues on the radar include facilities design and construction work and budget changes and challenges due to impacts from COVID-19 and negotiations outcomes.

Questions and discussion covered the Hoyt Street sale and continuing concerns about the future sustainability of the Food and Nutrition Services Fund as a self-sustaining fund without General Fund support. Nicole Stewart commented on the status of funding from the Coronavirus Relief Fund (CRF).

Staff reviewed funding and expenditures for the 5A mill levy override funds. Jason Hendricks stepped through the 5A Mill Levy Override Funding Summary spreadsheet from page C-5 of the appendix in the Fourth Quarter Financial Report. There was discussion regarding line item detail of budgeted and actual expenditures by category for compensation, career tech education and stem options, classroom/technology, safety and mental health supports, expansion of early childhood. Hendricks clarified that the categories were outlined as directed by the Board of Education when the mill levy passed. Change to expenditures line by line is acceptable; however the categories will remain as promised to the voters, even during a time of reductions. Stewart confirmed that the committee reviews the status of the 5A mill levy override funds quarterly in conjunction with review of the quarterly financial reports that includes the funding summary in section C of the appendix.

Budget Update, Legislation Update, Community Engagement Input and Selection of Member Representatives for Community Budget Workgroup: Stewart updated the committee on possible impacts to the district due to proposed legislation including the Gallagher Amendment Repeal (Amendment B), Proposition 116, and Proposition EE. She shared the Budget Update that will be presented to the Board on October 1 that covered an update on the state forecast; updates on the 2020/2021 budget, negotiations and the revised budget; and the process and timeline for community engagement for budget development. Key topics included dramatic changes to the state forecast, risks and concerns from unknowns and uncertainties, potential impacts to Jeffco's current adopted budget, an update on CRF funding, updated information on loss of enrollment estimates, status of negotiations with bargaining groups, and notification of the need for a revised budget. Also covered was the plan for the community engagement process that will include stakeholder input from a community budget workgroup, school accountability committees, an online community budget simulation tool, community budget forums and three district advisory committees – the District Advisory Committee, Financial Oversight Committee and Capital Asset Advisory Committee. Stewart noted that the district will continue to monitor enrollment, use of CFR funds, and the outcome of ballot measures.

Bond and Facilities Update: Tim Reed, Executive Director Facilities and Construction Management, provided an update on the status of the 2018 Capital Improvement Plan. He reported revenue at approximately \$430 million with expenditures through September 30, 2020, at \$206 million expended and \$127 million encumbered and charter projects at \$36 million expended and \$7 million encumbered. Contracts on the agenda for October 1 total \$7.8 million. Reed reviewed a funding breakdown to date and an estimated preliminary total for the program. The presentation also covered bid results for 2020; an overview of work, bids and design in progress; and a chart showing cash flow progression. The presentation concluded with videos of completed work throughout the district.

FOC Conclusions/Recommendations:

There was discussion regarding volunteers to serve as FOC representatives on the Community Budget Workgroup. Brian Ballard and Scott Tarbox agreed to serve on the workgroup.

Following questions, staff will send the list of acronyms from the budget book and directed members to the Financial Oversight Committee and Finance & Budget webpages on the district's public website. The committee agreed to discuss a stance on use of reserves as part of future discussions covering the budget reduction process.

Based on the review of the 5A mill levy funding summary discussion as part of financial report for fourth quarter, the FOC concluded that the budgeted and actual expenditures of 5A funds as presented were spent in accordance with the requirements and intent of the ballot language and current Board-directed expenditure percentages by category. This information will be communicated to the Board of Education.

Wrap Up and Next Meetings: Stewart reviewed upcoming meetings. Charlotte Franson advised she could attend the October 7 Board of Education meeting as part of the Fourth Quarter Financial Report review and FOC dialogue with the Board.

The meeting adjourned at 11:40 a.m.