



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

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

### **Meeting Minutes August 24, 2021 – 9:30 a.m.**

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

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

Brian Ballard  
Leanne Emm, Chair  
Charlotte Franson  
Gordon Calahan  
Scott Tarbox

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

None

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

Nicole Stewart, Interim Chief Financial Officer  
Tracy Dorland, Superintendent  
Steve Bell, Chief Operating Officer  
Jason Hendricks, Director, Finance  
Tim Reed, Exec. Director, Facilities & Construction  
Management  
Debbie Ranguet, Exec. Assistant to CFO

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

Paul Niedermuller, CliftonLarsonAllen, LLP

**Welcome and Introductions:** Leanne Emm called the meeting to order.

**Approval of Minutes from June 1, 2021:** Brian Ballard moved to approve the minutes for June 1, 2021. Scott Tarbox seconded. There was discussion and clarification by staff that minutes are approved at the next month's Financial Oversight Committee (FOC) meeting. Once approved, they are posted on the district's public website on the FOC District Advisory Committee webpage and submitted to the Board of Education. Staff clarified that should the FOC have a recommendation for the Board of Education, that information is communicated to the Board as soon as possible on the FOC Conclusion/Recommendation document. That document is posted along with any relevant Board of Education agenda items and also posted to the FOC webpage on the district's public website. Following discussion, the motion carried unanimously, and the minutes were approved as presented.

**Staff Report:** Stewart advised that Brenna Copeland was hired as Chief Financial Officer (CFO) to start on September 9, 2021. Stewart confirmed she will continue with the district in her former role as Director of Budget and Treasury. She noted that the budget team is now fully staffed after filling vacancies with the hiring of Brian Sammons as budget manager and Mayra Ramirez as one of the budget analysts. Jason Hendricks advised that Galina Beshkov was hired to fill the Grants Manager and that Shannon Scott was hired to fill a grants tech position. Members thanked Stewart for stepping in to fill the CFO role during such a challenging time and for her hard work and dedication to the district.

**FOC Member Review and Selection:** Emm asked for discussion regarding information that was distributed for the two applicants interested in serving on the FOC. Members commented on the applicant backgrounds and experience that qualified them for the committee based on the criteria established. Following discussion, the FOC moved to appoint both Jessica Keene and Christine Havlin to the FOC. The motion carried unanimously. Staff will submit the committee's recommendation for appointment as an attachment to the consent agenda item for the September 2, 2021, Board of Education (BOE) meeting.

**2021/2022 Adopted Budget and Negotiations Update:** Stewart presented an update on the 2021/2022 adopted budget that included information on final legislation, revenue and expenditure assumptions, Elementary and Secondary School Emergency Relief Funds (ESSER) funding and a summary of negotiation outcomes with the

Jefferson County Education Association (JCEA) and Jeffco Education Support Professionals Association (JESPA) bargaining groups. Highlights and discussion covered:

- The final legislated School Finance Act included 2 percent for inflation and a statewide buy down of the Budget Stabilization Factor with Jeffco's share at \$56.9 million, including charters. Jeffco also received \$8 million as a result of HB 21-1164 for Total Program Mill Levy Tax Credit; those funds are being treated as a one-time increase due to passage of HB 21-0852 that proposes using these funds for school finance starting in fiscal year 2023. The district received a \$1 million increase in Special Education (SPED) funding which will become part of the categoricals that will increase going forward. Passage of HB 21-1325 initiates a school finance study over the next two years to evaluate the funding formula.
- The 2021/2022 Adopted Budget includes a budget deficit that is being balanced using district reserves. One-time funds from federal stimulus grant funding is expected to offset some one-time expenditures.
- The budgeted revenue includes an assumption that the district will regain a third of the student loss that occurred during the pandemic based on student counts prior to COVID. Early enrollment projections are concerning. If the enrollment target is not met, the district will experience a revenue reduction in the current year that will need to be covered.
- Negotiations were not final when the budget was adopted, thus, the Adopted Budget includes a compensation placeholder of \$58 million for all funds. If the JESPA agreement is approved by the Board on September 2, 2021, a \$3.2 million supplemental budget appropriation will be needed to cover the market driven compensation increase that raises the minimum hourly rate to \$15 for all JESPA employees. There was discussion regarding the increase in minimum hourly wage, an evaluation of the district's salary schedules, impacts of wage increase on charters and the debate as to whether more dollars will help education.
- Federal stimulus grant funding from ESSER and CARES have helped offset existing budgeted expenditures by freeing up funds in the General Fund that can be charged to the grant. This temporary one-time funding has helped the district avoid additional reductions.
- ESSER I will be audited as part of the annual financial audit currently underway. ESSER II funding applications have been submitted and the district is reviewing expenditures from fiscal year 2021 to be applied to the grant.
- The application deadline for ESSER III has been extended to December. The process will include a community engagement plan headed by the Chief Student Success Officer. Discussions are ongoing with metro Chief Financial Officers (CFOs) with regard to the recommended spend down of funds.

Following the presentation, there was discussion. The FOC confirmed it recognizes that the current budget may not be sustainable going forward due to ongoing expenditures that exceed revenues and that the budget deficit is being temporarily covered by one-time funds and use of reserves. Further, without additional new revenue, the use of temporary one-time funding and use of reserves will not be sustainable to cover ongoing expenditures. The FOC recommends that with uncertainties around the sustainability of state funding for education, declining revenues for the district, uncertain enrollment trends, and the current practice of relying on temporary one-time funds from federal stimulus grants to cover ongoing expenditures, the district should look beyond efficiencies and consider a forecast that incorporates reductions that may have to include school closures and/or consolidations, larger class sizes and additional reductions in services. The committee requested that staff clean up any messaging to the public to make it clear that the district's budget deficit is being offset by a one-time temporary source of revenue from federal relief dollars and the use of reserves, and that the current budget deficit could be impacted further if the district does not regain enrollment per the estimated assumption.

There was discussion regarding potential hiring challenges due to competition from other districts, spend down timing for ESSER III funds, the need to look beyond efficiencies at programs for district savings, ongoing operating impacts due to COVID, and trends for students utilizing online learning versus those needing in-person school as a

form of child care. Stewart noted that the district will need to be strategic in forecasting and that the CFO will be addressing how to forecast for declining enrollment.

The committee received an update on the Public Health Order (PHO) for a mask and testing mandate at schools that was issued by Jefferson County Public Health Department (JCPHD) and the communication that was distributed. Superintendent Dorland confirmed that due to the PHO being issued at the last minute, the district is still evaluating how the PHO will affect other operations and student participation in district activities. She pointed out that because JCPHD is partnering with the district, Jeffco will not have to pay for the testing. There was discussion regarding potential staff turnover due to the new requirements.

**Facilities and Bond Program Update:** Stewart advised that at the request of Superintendent Dorland, the district conducted a national request for proposal (RFP) process to hire a firm to review the Capital Improvement Program (CIP); Moss Adams was selected. The RFP committee consisted of representatives from FOC, Capital Asset Advisory Committee (CAAC), members of the Board of Education, district staff and Superintendent Dorland. Stewart thanked Charlotte Franson for participating on the review committee to represent FOC. Questions to be considered by the firm include a look at expenditures and how they align with the ballot question, the process for identifying projects including scopes and budgets, procurement processes and cost impacts, adherence with budgets, processes for evaluating and approving changes, use of bond proceeds, how the program was monitored, whether an independent audit should be conducted, program successes and possible improvements/modifications moving forward. Completion of the report is estimated to be the end of September. There was discussion and clarification that the district already audits the CIP program as part of the annual financial compliance audit and that with direction from the superintendent, outside of the bond requirements, the district chose to hire a company to conduct more of a performance audit in the interest of transparency to demonstrate that the district is a good steward of taxpayer dollars with the possible outcome of process suggestions to elevate the program process even more.

Tim Reed presented an update on the financial status of the CIP through August 15, 2021. Highlights of the presentation included an overview of forecasted revenue that included first and second issuances and capital transfers with future interest earnings currently to be determined, a list of projects in progress and completion dates, a list of projects in the design phase, and ending with a selection of project photos. Staff will email the presentation to members to include the expenditure status slide showing total expenditures and total encumbrances for both district managed schools and district charter schools as of August 15 and May 31, 2021. There was discussion regarding the use of local firms, use of contingency, estimated bond premium, the impact to date on the district's facility condition index (FCI). Staff will compile a line chart that shows the reduction of FCI including where it is now, how it has gone and where it is projected to go. Reed mentioned that the district removed 44 modular buildings which was a big load on the FCI; 16 more buildings are scheduled to be removed.

**FOC Conclusions/Recommendations:**

There were no additional recommendations beyond the FOC member appointments and the budget deficit offset to be communicated to the Board.

**Wrap Up and Next Meetings:**

Emm advised that she will out of town for September thus a chair will need to be designated. The next FOC meeting is September 28, 2021. Upcoming Board of Education meetings are September 2 and 9, 2021. Steve Bell shared a Bond and Mill Levy Summer 2021 Update document from our Communications department and a feature article on Beth Wallace, the district Executive Director of Food and Nutrition Services in the national publication of *School Nutrition*. Staff will email information on the new CFO and links on the district website to COVID protocols, Election 2021 updates, FOC, CAAC, the Facility Condition Assessments report, and the Bond & Mill Levy Summer 2021 Update publication. The meeting adjourned at 11:35 a.m.