



Financial Oversight Committee Meeting

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

Meeting Minutes

October 5, 2016

Financial Oversight Committee

Members Present:

Brian Ballard
Mike Bestor
Gordon Calahan
Mary Everson
Scott Tarbox

Committee Members and Staff Absent:

Chris Johnson
Bob West
Dan McMinimee, Superintendent

Staff Present:

Kathleen Askelson, Chief Financial Officer
Stephanie Corbo, Finance Director
Steve Bell, Chief Operating Officer
Nicole Stewart, Budget & Analysis Manager
Suzi Thompson, Treasury & Analysis Manager

Independent Auditor and Other:

Paul Niedermuller CliftonLarsonAllen, LLP

Approval of September 7, 2016, Minutes: Mary Everson moved to approve the minutes from September 7, 2016, as revised. Gordon Calahan seconded. The motion carried unanimously.

2015/2016 Fourth Quarter Financial Report: Stephanie Corbo reviewed the Fourth Quarter Financial Report. Key areas included an overview of operating cash, general fund revenues and expenditures, general fund reserves, capital reserves, grants timing, carryforwards, transportation revenue increase, status of bus driver retention and recruiting, positive performance of food services fund, child care fund reserves and shift of all-day kindergarten to general fund, insurance reserve fund expenses, technology fund expenditures due to unfilled vacancies, and positive cash balances for all charter schools. Askelson discussed items on the radar including facilities, hiring and staffing, health care reform and budget development plan.

There was additional discussion regarding funding for the purchased facility by Two Roads, marijuana tax payouts for construction in form of BEST grants, status of Doral, teacher vacancies, substitute pay rate, and a reporting change on general fund schedule to account for assigned reserves to account for planned one-time expense.

Askelson reviewed information that was provided in the transmittal for the Fourth Quarter Financial Report that detailed the \$24.1M increase in revenue from what was estimated in the 2016/2017 Proposed Budget. There was discussion regarding higher than anticipated revenue from specific ownership tax and expenditure savings, primarily from school carryforwards and savings in expenditures from central budgets. For future transmittals, staff will continue to include the quarter-end financial results by fund.

2015/2016 CAFR and Audit Update: Askelson advised that field work for the audit is complete and that documents are being drafted. With regard to the timing of and deadline for completion of the external audit, she reported on an issue with obtaining information from Golden View Classical Academy, which exited Jeffco's financial system, that if not resolved could jeopardize the district's ability to complete its audit. She added that the district has reached a resolution to move forward by amending the

engagement contract and fee with CliftonLarsonAllen to conduct a parallel audit and, additionally, by agreeing to have Askelson sign a confidentiality clause to allow access to documents required for the district's audit. She stressed that final resolution of this issue will occur when the district actually receives the required information from Golden View in order to complete the district's audit.

There was discussion regarding consequences for the district if the audit is not completed on time, repercussions for charter schools if they miss audit deadlines, and the structure and relationship of other charter school structure and supporting foundations.

Askelson provided a report on the September 26 Audit Committee meeting. Key items covered at the meeting included an overview of the internal audit plan for the upcoming year and a summary report of results and issues from school audits by the internal auditor, Ken Felan; an occurrence of email financial fraud that is being investigated by the FBI and resulting review of internal controls and heightened awareness at the district; a demonstration of student based budgeting (SBB) reporting tools for principals; and the Colorado Office of State Auditor/Fiscal Health Analysis that reported no indicators for the district. Askelson clarified that members of the Audit Committee include two Board members, Ali Lasell and Brad Rupert, and one Financial Oversight Committee (FOC) member, Bob West.

2017/2018 Budget Development Process: Nicole Stewart reviewed the timeline for development of the 2017/2018 budget. She identified timing for the governor's proposed budget, kick off of SBB and the Budgeting for Outcomes department process, community engagement, the state's final budget, and district budget adoption. There was discussion regarding the concept for the interactive budget tool for community engagement and the plan for working with school accountability committees through the District Accountability Budget Subcommittee. Staff will share the questions for the budget tool with the FOC as the budget process moves forward. Askelson clarified that with regard to school-based review, the question will be, "how does the district fund SBB," since it is up to the schools to determine how they will spend the funds to meet the needs identified by individual school accountability committees. Askelson stressed that early outlooks from the state are not optimistic.

2016/2017 Cash Flow Update: Askelson re-confirmed earlier predictions that a line of credit will not be needed to cover cash flow needs that may occur prior to receipt of property tax revenues in the spring. Staff will continue to monitor and more information will be available in November as part of the first quarter financial report.

Wrap Up and Next Meetings: Askelson advised that Mary Donovan with Insight Investment will present an investment update at the next FOC meeting on Wednesday, November 2, and that the 2015/2016 CAFR/Audit is scheduled to be submitted to the committee prior to Thanksgiving for presentation at the December 7 FOC meeting. She reminded the committee that members are invited to attend the study session on November 17 for presentation of the first quarter financial report and dialogue with the Board.

The meeting was adjourned at 12:35 p.m.