



Financial Oversight Committee Meeting

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

Meeting Minutes January 9, 2018 – 10:00 a.m.

Financial Oversight Committee (FOC)

Members Present:

Brian Ballard
Mike Bestor
Mary Everson
Gordon Calahan
Scott Tarbox
Bob West

Committee Members and Staff Absent:

Chris Johnson
Stephanie Corbo, Finance Director

Staff Present:

Dr. Jason Glass, Superintendent
Kathleen Askelson, Chief Financial Officer
Steve Bell, Chief Operating Officer
Nicole Stewart, Budget and Treasury Director
Debbie Rainguet, Exec. Asst. to CFO

Independent Auditor and Other:

Paul Niedermuller, CliftonLarsonAllen, LLP
Brad Rupert, Board of Education

Approval of Minutes: Bob West moved to approve the minutes from December 5, 2017. Gordon Calahan seconded. The minutes were approved as presented.

Bond Refunding Update: Kathleen Askelson reported on the bond refunding and presented a summary report of approximate savings by maturity. She noted that the refunding closed on December 21 with a net present value savings of \$4.6 million and percentage of savings at 6.39 percent.

Askelson communicated results of the recent ratings agency reports that occurred as part of the refunding. She reported that due to the district's strong financial profile, strong tax base and maintenance of strong-to-very-strong reserves, S&P Global upgraded ratings from AA- to AA while Moody's maintained the previous Aa2 rating.

There was discussion. The committee commended the financial staff on this accomplishment and encouraged the district to communicate the results publicly, emphasizing the rarity of a ratings bump given the history and circumstances the district has faced with regard to reduced and limited revenue, planned reserves spend down, reductions with limited restoration, and repurposing of funds to support competing priorities.

Budget Update and Historical Reduction/Restoration Analysis: Askelson presented a budget update. Highlights included information on two supplemental appropriation requests for 2017/2018 to fund three middle school additions and to provide start-up funding for a Jeffco Innovation Acceleration Fund; an update on the estimated enrollment loss of 435 students; an update on estimated retirement/turnover/vacancies savings; an overview of student based budgeting factors for 2018/2019; and January revisions to the Governor's budget proposal. Other issues on the radar that will affect the budget were noted including residential assessment rate changes, pending federal tax changes and proposed PERA changes. Askelson advised that the district added four town hall style opportunities for community engagement in March and April.

There was discussion regarding reserves, funded count, historic trends with regard to retirement and turnover savings, student based budget factors, the alternative pathway factor, how IB programs are

funded, challenges of tax reform, and the timeline and timing for Board direction to build the proposed budget.

Nicole Stewart presented a summary report of historical reductions beginning in FY 2010/2011 when funding to the district was significantly cut following implementation of the negative factor by the state. There was discussion regarding the report and the fact that despite restorations the report doesn't capture lost opportunities, lost programs, sacrifices, trade-offs, cost of not reinvesting in facilities and people, and the hard choices that were made operationally to avoid touching programs that affect students. The committee discussed how to communicate the information graphically while still getting at the detail needed to fully understand background on issues.

Askelson pointed out that 80 percent of the district's budget is salaries and the funding priority has been to invest in our students; thus, operational and facilities needs have suffered the most with regard to lagging restorations, and deferred maintenance continues to grow. The committee discussed how to communicate information that would help the public understand that although the district has made it work financially with limited funding and increasing mandates and initiatives, there will be a breaking point where investing in district infrastructure and human capital must be addressed through additional funds rather than pushed down the road.

Jeffco Generations Dialogue: Dr. Glass presented an overview of Jeffco Generations that included background on how it fits with Jeffco 2020 Vision, the core purpose of providing strategies for changing the student learning experience, and how it will provide structure for building a strategic plan through learning strategies and tactics that sets the course for the district. Dr. Glass stepped through the Jeffco Generations document, focusing on what makes it a learning-centered vision for Jeffco schools, how it will build on the organizational values of integrity, valuing people, teamwork and exemplary performance by adding entrepreneurial spirit, and understanding what it takes to transform student task.

There was discussion regarding buy-in from teachers and principals, the timeline, and short-term implementation plans for changing student task. Stewart noted that as the process moves forward, Jeffco Generations will be integrated with the Budgeting for Outcomes forms used for budget requests by departments.

Committee Role: Ballard led discussion on expectations for the committee in regard to dialogues with and reporting out to the Board. Discussion included committee purview and role; a request to provide metrics and benchmarks; how to avoid reinventing the wheel when work is currently being done by district staff; the committee's role in meeting compliance requirements; methods for relaying information; balancing the committee's request for information that can be quickly communicated versus a need for detail and analysis; consideration for communicating different messages to different audiences; and how to get more information on competitive benchmarking to assist in evaluating district finances. The committee requested that discussion continue on the role of the committee to include brainstorming on topics such metrics, competitive benchmarking, and use of a dashboard concept.

Staff, as part of continuing updates on budget development for 2018/2019, will review the Budgeting for Outcomes form with the committee at a future meeting. The committee encouraged staff to consider a visual presentation of the information for better understanding by the public.

Wrap Up and Next Meetings: Discussion regarding the committee's role will be added to the March agenda.

The meeting was adjourned at noon.