



Financial Oversight Committee Meeting

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

Meeting Minutes February 6, 2018 – 10:00 a.m.

Financial Oversight Committee (FOC)

Members Present:

Brian Ballard
Mike Bestor
Mary Everson
Gordon Calahan
Scott Tarbox

Committee Members and Staff Absent:

Chris Johnson
Bob West

Staff Present:

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

Independent Auditor and Other:

Paul Niedermuller, CliftonLarsonAllen, LLP

Approval of Minutes: Mike Bestor moved to approve the minutes from January 9, 2018. Gordon Calahan seconded. The minutes were approved as presented.

Investment Status Update: Kathleen Askelson reported that General Electric (GE) was downgraded. Insight Investment is monitoring and evaluating options to sell; however, the recommendation at this time is to hold. The committee supports this position.

PERA Update: Adam Franklin, General Counsel for PERA, presented an overview of the retirement and health benefits options available to its members that included background; an overview of funding sources from members and employer contributions and investment income; changing conditions due to new mortality tables and lowered investment rate of return; current funding levels and estimates for being fully funded; PERA Board recommendations for contribution and benefit changes; proposed automatic adjustment provisions; the legislative process and governor's proposal; and timing for proposed changes.

There was discussion regarding divisions within PERA and the clarification that the risk to cover pension liability of one division is not obligated to be covered by another; that responsibility would fall to employers and employees. Franklin explained that the PERA benefit was designed as a retention tool for a job segment with historically lower salaries.

Employee Negotiations Update: Askelson shared the presentation from the February 1 Board of Education meeting on the status of employee association contract negotiations. The presentation covered JCEA and JESPA contract timing, items and teams as well as the negotiations process and competing demands that include strategic initiatives, PERA proposals, competitive compensation, health care costs and facility upkeep and needs.

Second Quarter Financial Report: Stephanie Corbo presented a second quarter financial review. Highlights included an update on the district's cash position, timing for receipt of property tax revenue, and a cash pull back of funding by the state due to a reduction in state share as a result of higher property tax assessments resulting in an increase in local share; general fund revenue and expenditure status; refunding of the general obligation bonds reflected in debt service fund; status of capital reserve

and capital projects funds; timing of revenues and expenditures in the campus activity fund; higher revenue and expenditures in the child care fund due to additional classrooms and tuition increases; lower than planned revenue in the property management fund; and lower than planned revenue in technology fund and status of E-rate funding that is under appeal.

There was discussion regarding initiating a line of credit prior to determining need to ensure the process is started and the district has access to funds if needed should another last minute adjustment occur by the state until property tax revenue is received.

Corbo commented on the yellow flag status of the food services fund that is being monitored due to lower than planned revenue and higher expenditures at two charter schools – Rocky Mountain Academy Evergreen and Great Work Montessori School. Both schools are being monitored to assure they will achieve balanced budgets.

Corbo reported on the status of facilities projects at Sierra Elementary and Drake and Dunstan Middle Schools; development plans at Arvada K-8, Bell, Oberon and Summit Ridge; hail repairs; hiring and staffing to support the 6-8 grade configuration; changes to the employer paid share of employee benefits and consolidation to one medical provider — Kaiser; an anticipated increase in premiums from Kaiser for 2018/2019; and ongoing work on development of the 2018/2019 budget.

Budget Update: Askelson reviewed the budget update that was presented to the Board of Education on February 1. The presentation laid the groundwork for development of the 2018/2019 budget including an updated timeline, ongoing development of budget priorities from Cabinet and school accountability committees (SAC), an update on negotiations, revisions to the Governor’s proposed budget that includes a \$30M buy-down in the budget stabilization factor; and a revised estimated total general fund increase of \$27M for Jeffco. Other revenue assumptions being reviewed are loss of students, estimated retirement/turnover savings, use of 2017/2018 one-time funds to schools and other revenue sources. Askelson noted that expenditure assumptions include compensation variables, school needs based on SAC recommendations and support of DUIP, division needs for central/school supports, facilities and mandates/compliance.

Potential impacts facing the state include changes to the residential assessment rate, federal tax changes, federal grant changes and competing needs at the state. Askelson pointed out that as part of the community outreach for development of the 2018/2019 budget, the district will be holding four community conversations on the budget with the superintendent in March and April. Updates will be on-going through the spring with early direction from the Board in mid-March so the budget team can begin to build the budget.

Wrap Up and Next Meetings: There was discussion regarding the pilot study session schedule that moves mid-month evening study sessions to daytime on the Monday following regular BOE business meetings for March, April, May and June.

The meeting was adjourned at 11:55 a.m.