



Financial Oversight Committee Meeting

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

Meeting Minutes

May 1, 2018 – 10:00 a.m.

Financial Oversight Committee (FOC)

Members Present:

Brian Ballard
Gordon Calahan
Mary Everson
Chris Johnson
Scott Tarbox
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

Committee Members and Staff Absent:

Mike Bestor

Independent Auditor and Other:

Haley Cox, CliftonLarsonAllen, LLP

Approval of Minutes: Bob West moved to approve the minutes from April 3, 2018. Gordon Calahan seconded. The minutes were approved as presented.

Audit Committee Update from April 26, 2018: West reported on the Audit Committee meeting held on April 26, 2018. Highlights included an overview of third quarter financials; a presentation from CliftonLarsonAllen on the scope, responsibilities, topics, fieldwork and reporting timing of the independent audit for FY2018; and an update regarding follow-up to the Colorado Department of Education's letter on the data pipeline submission along with the district's response.

2017/2018 Third Quarter Financial Report and Update on Supplemental Appropriations: Stephanie Corbo confirmed that CliftonLarsonAllen was awarded the contract with renewal options for audit services for 2018/2019 and will conduct the independent for 2017/2018 beginning the last week of August through November. Haley Cox, independent auditor with CliftonLarsonAllen, clarified how single audit programs are selected.

Corbo reviewed a letter that is received from the Colorado Department of Education (CDE) regarding any issues with the annual Audit and Financial December Data Pipeline Submission. She provided clarification on the district's response and noted that due to the nature of the findings, which were related to reporting issues, no formal response was required. Each year the district reviews the findings and takes any necessary steps to address concerns to ensure future compliance. Corbo further noted that all of the items listed in this year's letter relate to the 2016/2017 audit and data pipeline submission and do not impact the district's independent audit or the opinion as issued.

Corbo reviewed the third quarter financial results. Highlights included cash balances, property tax revenue timing, yellow flag status of the Food & Nutrition Service (FNS) fund, activity in the Insurance Reserve fund due to the May 2017 hail storm, revenue decline over last year in the Technology fund due to loss of E-Rate funding, and the yellow flag status for Rocky Mountain Academy Evergreen and Great Work Montessori School. The district anticipates requesting supplemental budget appropriations for the Debt Service, FNS, Campus Activity, Property Management and Insurance Reserve funds. On the radar are facilities, hiring and staffing, benefits and adoption of the 2018/2019 budget.

There was further discussion regarding the FNS fund with regard to revenue concerns. Corbo and Steve Bell discussed consideration of \$0.15 meal price increase, analysis of rising expenses due to the district's policy for providing an alternate meal for students who forgot a lunch or lunch money, costs associated with guaranteeing a full menu selection for all students, evaluation of waste, actual meal costs versus charged meal prices, new point of sale software being implemented July 1, back of the house software management program for 2019/2020, and impact of revenue decline to FNS reserves.

2019/2020 Charter School Mill Levy Override Sharing Plan: Corbo reviewed the plan that staff is proposing for sharing mill levy override revenues with charter schools per HB17-1375. The statute requires districts to adopt a plan by July 1, 2018, for allocations beginning for 2019/2020 as well as posting the plan on the district's website. Corbo explained that the district currently shares 100 percent of its mill levy override revenues with no formal plan in place. The new recommendation continues to share the mill levy override revenue at 100 percent but with 95 percent of current mill levy overrides (1999-2012) allocated equally to charters based on funded pupil count and the remaining 5 percent allocated to charters based on free and reduced lunch counts. Askelson and Corbo noted that the charter schools have been made aware of the plan recommendation with no concerns. There was discussion regarding possible concerns by Board members.

2018/2019 Proposed Budget, Insurance Renewals, and Negotiations Update: Askelson stepped through the budget presentation to be shared with the Board on May 3. The presentation covered the budget timeline and current activity, an update on the School Finance Act and estimated per pupil funding, expenditure and revenue assumptions for the proposed budget including impacts of the budget stabilization factor, PERA legislation and other state actions. She reviewed the general fund summary projection, status of general fund reserves, fund summaries for all other funds, an overview of total appropriations, next steps, and possible anticipated changes to expenditure and revenue assumption based on legislation outcomes and Board direction. Also covered were the legal requirements for resolutions to be brought forward for budget adoption. There was discussion regarding status of negotiations.

Capital Transfer Benchmark Information: Tim Reed and Bell presented information on industry standards for funding deferred maintenance based on portfolio value and how that compares to the district's current capital transfer based on its portfolio value. There was discussion regarding strategies for and timing of recommendations for increasing the annual capital transfer amount and the probability that the district's available revenue resources would not be enough to impact the growing deferred maintenance needs.

Recommendations for the Board from FOC: Following discussion, Mary Everson moved to recommend that the district strives to achieve the industry standard of funding an annual capital transfer equal to 2 to 4 percent of portfolio value for deferred maintenance and, in addition, recommends establishing a near term, within 3 years, goal of increasing annual funding for the capital reserve to achieve at least a 1 percent of portfolio benchmark (currently \$28 million). If achieved, this increase in annual capital transfer will offset the \$3 million currently paid annually from the capital transfer to cover debt service on the COPs used to finance new schools and additions to meet the urgent needs in Northwest Jefferson County. Further, the FOC recommends increasing the capital reserve transfer to \$2 million for the 2018/2019 budget. Bob West seconded. The motion carried. Staff will submit the FOC conclusions/recommendations for increasing the annual capital transfer to the Board of Education as part of the proposed budget agenda item scheduled for May 3.

Wrap Up and Next Meetings: Askelson reported that the superintendent funding model did not move forward and that Initiative 93 is still pending with any funding falling to the base. There was discussion regarding timing for the June FOC meeting to allow for discussion regarding a future possible bond and mill ballot issue. The meeting was adjourned at noon.