



Financial Oversight Committee Meeting

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

Meeting Minutes

June 5, 2018 – 10:00 a.m.

Financial Oversight Committee (FOC)

Members Present:

Brian Ballard
Mike Bestor
Gordon Calahan
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
Tim Reed, Exec. Director, Facilities & Construction
Management

Committee Members and Staff Absent:

Mary Everson
Chris Johnson

Independent Auditor and Other:

Paul Niedermuller, CliftonLarsonAllen, LLP

Approval of Minutes: Bob West moved to approve the minutes from May 1, 2018. Gordon Calahan seconded. The minutes were approved as presented.

Budget Update and Follow-up on Outcome of FOC Recommendation for Capital Transfer Increase:

Kathleen Askelson reviewed the budget presentation to be presented at the Board of Education meeting on June 7, 2018. She confirmed that the Colorado General Assembly's 2018 session ended with adoption of the final School Finance Act that included a \$150 million decrease to the budget stabilization factor statewide and adoption of a bill that makes changes to the Public Employees Retirement Association (PERA) plan to commit ongoing funding to address the unfunded liability of the pension system and makes changes beginning in 2019/2020 to the plan's retirement age, employee and employer contributions, and reduces retirement benefits.

Askelson confirmed that the state funding increase will result in \$27.9 million in additional revenue for Jeffco in 2018/2019 and identified ongoing available funding of \$6.2 million. The presentation included a breakdown of General Fund revenues and expenditures, a list of Board-directed expenditures, the plan for allocating \$2.2 million in equity funding, and a summary of the investments made by the Board with the adoption of the 2018/2019 budget that designates funding for Jeffco employees, students and facilities and demonstrates a commitment to the three top priorities of the Board and Jeffco community.

Askelson noted that all fund schedules were updated and provided as an attachment with the budget agenda item for June 7 to account for salary changes based on final collective bargaining agreements; appropriation of the \$1 million transfer from General Fund to the Capital Reserve Fund; appropriation of funds for Jeffco Online Enrollment in the Technology Fund; and appropriation of funds for increased expenditures for Student Based Budgeting (SBB) and other divisions within the General Fund. Askelson also presented an overview of reserves and next steps to adopt the budget.

Capital Needs – Potential Bond and Mill Levy Ballot Issue: Steve Bell and Tim Reed stepped through a presentation on a proposed 2018 Capital Improvement Program generated by the facilities group. He noted that the presentation is preliminary while the district continues to explore funding options. The presentation identified proposed capital needs districtwide based on six categories: efficiency and

future readiness, parity among facilities, programmatic needs, growth areas, replacements and specialty needs that includes safety and security and district charter school needs. The presentation concluded with a summary by category of estimated costs to fund the proposed capital improvement plan. The committee recommended that the presentation be expanded to include more information around the facts being presented for a quick understanding of why the fact is important and pertinent, for example explain what is efficiency and why it matters, why the district designs for LEED standards but doesn't seek actual LEED certification, etc.

There was discussion regarding funding for capital needs, funding targets, how the district would share potential funding with district charter schools, and competing state funding needs that could be on the ballot in November. Discussion also covered dispelling the myth that the district is top heavy and providing messaging to the community with factual data to back it up.

Askelson presented information regarding a potential mill levy override and the statutory requirements for notification to charter schools. Various issues were discussed that need to be taken into consideration before the district could decide to move forward with a mill levy override.

Initiative 93 – Great Schools, Thriving Communities: Askelson reported on the scope, timing and status of Initiative 93. She noted that supporters are in the process of gathering signatures required to get it on the ballot for 2018. The deadline for collecting required signatures to get it on the ballot is July 10. Askelson pointed out that the initiative proposes to raise \$1.6 billion for public schools statewide to fix the school district portion of Gallagher by setting permanent property tax assessment rates for funding education. It is structured so that 92 percent of taxpayers will have no impact to their income taxes. There was discussion regarding how Initiative 93 could affect whether the district pursues a mill levy override; the challenges the district faces with a bond or mill levy ballot issue; and how to address public misinformation being circulated with regard to how much the district spends on central administration compared to other districts.

FOC Conclusions/Recommendations: Following discussion, it was moved by Mike Bestor and seconded by Bob West to communicate to the Board of Education that the Financial Oversight Committee supports the 2018/2019 Budget as presented and agrees with the identified capital needs of the district. Staff will attach the FOC Conclusions/Recommendations for to the budget adoption agenda item.

Wrap Up and Next Meetings: The committee approved the calendar of meeting dates for 2018/2019. Askelson confirmed that the next FOC meeting is August 7. The meeting adjourned at 11:25 a.m.