



Financial Oversight Committee Meeting

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

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

Financial Oversight Committee (FOC)

Members Present:

Brian Ballard
Gordon Calahan

Staff Present:

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

Committee Members and Staff Absent:

Mike Bestor
Mary Everson
Scott Tarbox
Bob West

Independent Auditor and Other:

Haley Miller, CliftonLarsonAllen, LLP
Mary Donovan, Insight Investment

Welcome and Introductions: Brian Ballard declared the absence of a quorum. Dr. Glass updated the committee on the status of the results for the mill and bond ballot issues.

Approval of the Minutes: Approval of the minutes was deferred to the December meeting due to lack of quorum.

Insight Investment: Investment Management Program Review: Mary Donovan with Insight Investment reported on the district's investment portfolio. The presentation covered market environment and strategies, comparison of annualized yields, an overview of portfolio size and duration, update on performance versus benchmark, a breakdown of portfolio diversification and maturity distribution, status of yields, and an overview of deposit and investment risk disclosure per GASB 40.

Donovan updated the committee on the investment holdings of General Electric (GE) bonds noting that the district has been monitoring the investment and implemented a strategy to liquidate the position as the opportunity rises to recover any losses from an early sale of the investment. She noted that GE recently experienced another credit rating downgrade and that holding GE as it is rated is acceptable within the district's investment policy. District staff and the portfolio manager recommend holding GE through the 14 month maturity with the strategy to liquidate as the opportunity becomes available to cover any loss and potentially improve yields. There was discussion. Members at the meeting concurred with the recommendation to hold and strategically liquidate. A recommendation/conclusion will be drafted for approval at the December meeting when a quorum is available.

2018/2019 First Quarter Financial Report: Stephanie Corbo reported on the First Quarter Financial Report. The presentation was revised to highlight the district's cash position, provide a funds overview, detail on status of monitored and observed funds, detail of all funds operating per plan and information on issues on the radar. The district's cash position is sufficient to cover operations through spring so no line of credit will be needed prior to receipt of property tax revenue in the spring. Funds yellow flagged

and being monitored are Foods Services, Doral Academy and Rocky Mountain Academy of Evergreen; there are no funds with a red/observed status. Corbo presented a breakdown of fund type by percentage for revenue and expenditures and the funds detail included a comparison of revenue and expenses to budget for current and prior year. Issues on the radar included an update on design work and bids for the renovation work at Creighton, Ken Caryl and Summit Ridge Middle Schools; all are planned to open for FY2019/2020. Staff is gathering results for FY 2017/2018 for the innovation fund and school improvement fund to guide development of the 2019/2020 budget. Those results will be communicated to the committee and the Board.

Budget Update: Kathleen Askelson presented information on the timeline, objectives, budget status for current year and FY 2019/2020 budget assumptions, and the plan for community engagement. Askelson reviewed two timelines, one is accelerated should the mill and/or ballot issues get approved by voters. She noted that to ensure the current budget remains balanced, staff is monitoring the outcome of estimated student decreases against the final October count and budget to actual for retirement and turnover savings. The Governor's proposal released in November included 3 percent inflation, statewide student enrollment growth, and a statewide \$77 million decrease to the budget stabilization factor which would provide additional funds for the district. For 2019/2020, per the Governor's request, Jeffco's estimated funding increase is \$27 million less the \$3 million pass through to charters for a total increase to the General Fund of \$24 million; the estimated increase to Jeffco's per pupil revenue would be \$91 per student. Community engagement will include recommendations from the school accountability committees vetted through the District Accountability Committee, community and stakeholder input through forums and Facebook live events, recommendations and advice from the Financial Oversight Committee and the Capital Asset Advisory Committee, public comment at Board meetings and recommendations from district leadership.

Audit Committee Meeting Recap from October 3: Corbo reported that the committee met in October. Highlights included updates on internal audit plan and activities, Fourth Quarter 2017/2018 Financial Report and external audit, and Moody's ratings review. The internal auditor met for the annual executive session with members of the committee.

FOC Conclusions/Recommendations:

There was discussion regarding direction on the General Electric Investment. A recommendation will be drafted and sent to the committee for discussion and approval at the December meeting.

Wrap Up and Next Meetings: Askelson confirmed upcoming dates for FOC and Board of Education meetings, noting that the First Quarter Financial Review will be presented to the Board at their November 7 Board of Education study session.

The meeting adjourned at 11:35 a.m.