



Financial Oversight Committee Meeting

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

Meeting Minutes

May 7, 2019 – 10:00 a.m.

Financial Oversight Committee (FOC)

Members Present:

Brian Ballard
Mike Bestor
Gordon Calahan
Scott Tarbox

Committee Members and Staff Absent:

Mary Everson

Staff Present:

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

Independent Auditor and Other:

Paul Niedermuller, CliftonLarsonAllen, LLP

Welcome and Introductions: Brian Ballard declared a quorum.

Approval of the Minutes: Mike Bestor moved to approve the minutes for April 2, 2019. Gordon Callahan seconded. The motion carried unanimously, and the minutes were approved as presented.

Committee Vacancies – Applicant Review and Recommendation: Following discussion of the applicants interested in serving on the Financial Oversight Committee, Mike Bestor moved based on their experience and backgrounds to recommend Kyla Jones and Leanne Emm. Scott Tarbox seconded. The motion carried unanimously.

Third Quarter Financial Review: Paul Niedermuller with CliftonLarsonAllen, independent auditors for the district, summarized the report on applying Agreed-Upon Procedures for the Quarterly Financial Report for quarter ended March 31, 2019. He noted that three funds were projected to be over budget due to expenditures as of yearend thus were being monitored for a supplemental appropriation. A supplemental appropriation will be required for the newly created Building Fund due to the voter approved 2018 Series Bonds for capital improvements. Other highlights noted the addition of Free Horizon Montessori to district financials with its change to a school of innovation and two yellow-flagged funds including the Food Service Fund and Charter School Fund due to Great Work Montessori.

Stephanie Corbo stepped through the presentation on the third quarter financial report. She covered an update on cash flow which is sufficient for operations through receipt of property tax revenue in the spring; details regarding the yellow flag status of the Food Services Fund and the Charter School Fund; confirmation that all other funds are operating per plan; expenditure variances in the Grants Fund; increased revenue and expenditures in the Campus Activity Fund; and reasons for lower revenues in the Transportation Fund.

There was discussion regarding the Food Services Fund that included declining revenues, reserves spend down, concerns about the business model and information on strategies being considered. Great Work Montessori cash flow issues were discussed along with changes being implemented at the school to ensure adequate cash to cover expenditures.

Paul Niedermuller advised that a telecom assessment was conducted by CliftonLarsonAllen and that they concluded it is the most well managed program of any they have reviewed. The review showed the program is efficient and cost effective with no recommendation for how the district could save money or enhance the program.

Corbo presented items on the radar including an update on facilities and the status of the 2019/2020 budget development process that is waiting for the Colorado legislative session to end.

Budget Update – 2019/2020 Proposed Budget, Insurance Renewal, Legislation and Negotiations: Askelson stepped through the budget presentation that was presented to the Board on May 2. She confirmed that the School Finance Act passed on May 3 with no changes from what was presented on May 2 to include 2.7 percent inflation, statewide enrollment increase, a \$100M statewide buy down to decrease the budget stabilization factor, and additional funding for Special Education Tier B students. She summarized the details of additional funding for full day kindergarten and changes to the SBB Elementary School Base Factor and the additional funding for Special Education Tier B students. Askelson commented on changes to the proposed budget due to adjustments for the 5A Mill Levy Override and pointed out that Appendix B in the proposed budget breaks down the funding allocations and budgeted amounts for fiscal years 2019 and 2020. Askelson stepped through the chart on General Fund Reserves that breaks down reserves by assigned and unassigned. Askelson commented that insurance premiums were increasing significantly thus an additional \$1M was added to the original request. Askelson also provided details about the revised revenue and expenditure assumptions that were incorporated into the proposed budget.

There was discussion regarding funding for AMP pairings, next steps to incorporate legislative changes, the status of negotiations, and timing for Board direction for final budget.

Status of Bond Proceeds Investment: Askelson advised that funds have remained with CSAFE while the district explored other investment vehicle options. Staff is now recommending placement of the funds with Insight Investments. The committee concurred with the recommendation to move the funds.

Audit Committee Update: Corbo summarized topics covered at the May 1 Audit Committee meeting including an update on the committee vacancy, a review of the audit and financial report for third quarter, preliminary discussion of the scope of the annual audit, follow-up on the letter from the Colorado Department of Education (CDE) covering the financial information submitted via the data pipeline, and the receipt of the Certificate of Achievement for Excellence in Financial Reporting award for the 2018 Comprehensive Annual Financial Report (CAFR) from the Government Finance Officers Association (GFOA).

FOC Conclusions/Recommendations: The committee will communicate to the Board of Education their recommendations for two candidates to be appointed to the FOC in June. The committee will also acknowledge CDE's acceptance and report on the data pipeline submission as well as acknowledge the receipt of the financial reporting award from GFOA for the 2018 CAFR.

Wrap Up and Next Meetings: Askelson confirmed that the Third Quarter Financial Report will be presented to the Board at the May 8 BOE study session. Gordon Callahan will attend to represent the FOC. Askelson also noted that budget adoption is scheduled for the June 6 BOE meeting. The last FOC meeting for 2018/2019 is June 4.

The meeting adjourned at 11:25 a.m.