



Financial Oversight Committee Meeting

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

Meeting Minutes

October 3, 2017 – 10:00 a.m.

Financial Oversight Committee (FOC)

Members Present:

Brian Ballard
Mike Bestor
Mary Everson
Gordon Calahan
Chris Johnson
Scott Tarbox

Committee Members and Staff Absent:

Bob West

Staff Present:

Dr. Jason Glass, Superintendent
Kathleen Askelson, Chief Financial Officer
Stephanie Corbo, Finance Director
Steve Bell, Chief Operating Officer
Nicole Stewart, Budget & Treasury Director
Tom McDermott, Education Leadership
Program Resident, Superintendent's Office
Debbie Rainguet, Exec. Asst. to CFO

Independent Auditor and Other:

Paul Niedermuller, CliftonLarsonAllen, LLP

Approval of Minutes: Mary Everson moved and Gordon Calahan seconded to approve the minutes from September 5, 2017. Following discussion, the minutes were approved as corrected.

Fourth Quarter Financial Report: Stephanie Corbo covered the Fourth Quarter Financial Report and transmittal. Highlights included an overview of cash management; general fund revenues and expenditures; yellow flag status of the debt service, grants and food services funds due to unplanned spend down of reserves; status of capital reserve and building funds; use and make up of campus activity funds; transportation fees, transfers and revenue from the state; higher than planned revenues resulting in better than planned net loss for child care fund; increase in expenditures in property management fund due to salary increases; status of central services, employee benefits, insurance reserve and technology funds; and cash positions for district charter schools.

There were questions and discussion regarding underspend, impact to Jeffco of proposed PERA legislation; grants revenue trends; clarification on booster funds handling; calculation of state and federal meal reimbursements; status and timing of insurance claims; clarification on the process for charter schools property and general liability insurance; and clarification on staffing challenges and reductions made in technology fund. In response to questions, Corbo reported on enrollment, budget and debt status for several charter schools including Rocky Mountain Academy of Evergreen, Doral, Collegiate, Great Work Montessori, and Rocky Mountain Deaf School.

Corbo reviewed items on the radar for the district including Three Creeks and Sierra, pay out timing for steps and level increases, district change to one medical provider and increase in employer share of medical premium, and development of the 2018/2019 budget. Other discussion covered reserves balances and targeted percentages. Askelson noted that use of reserves and targeted reserves balances will be discussed with the Board as part of development of the 2018/2019 budget.

Askelson confirmed that the district will continue to follow and report back on potential impacts of proposed changes to PERA legislation. Staff will provide follow-up on status of 2012 Bond Fund

expenditures, planned use of campus activity funds, total cost of medical premium to the district, and final costs for the transition of 6-8 middle school transition.

2018/2019 Budget Update: Nicole Stewart advised that budget requests for the departmental Budgeting for Outcomes process will be due back to the budget team in December.

Steve Bell clarified a rumor circulating in the community that the district is spending \$50 million to accomplish the 6-8 middle school transition. The cost for the transition with changes at Drake and Dunstan was authorized by the Board for \$14.5 million with an additional \$2 million budgeted for unknown issues that may arise at other schools involved in the transition. He confirmed that there is no basis for the \$50 million rumored cost to the district.

There was discussion regarding school impacts due to the transition. Stewart advised that the budget team is analyzing the 6-8 model and will adjust student based budgeting (SBB) factors as part of the 2018/2019 budget development process.

Audit Committee Report: Askelson reported on topics covered at the Audit Committee meeting including review of the internal audit summary and historical analysis, a staffing addition that will enable more frequent audit cycles for middle and elementary schools, review of the audit findings for fourth quarter, status of the external audit for fiscal yearend 2017, and confirmation of no indicators for the district in the Colorado Office of State Auditor Fiscal Health Analysis report.

Corbo reported on the status of the external audit and noted that there was a delay in receiving the audit report from Golden View Classical Academy (GVCA) per the deadline stated in their contract of September 15. There was discussion regarding the challenges of reviewing financials for Golden View due to the fact that, unlike all other district charter schools, GVCA chose to exit Jeffco's financial system and the district does not have access to review the school's financial reports throughout the year. Staff clarified that the deadline to receive the draft audit is earlier than that of other charters because it is the district's first look at GVCA's financials for the entire year and that the earlier deadline allows for time to review and address clarifications/corrections should a question arise. Askelson clarified that the district has access to the financials of all other district charter schools throughout the fiscal year. GVCA is the only district charter school that has exited the Jeffco system, and, in order for the district to meet its statutory obligations, Jeffco must receive an audit report for the school that has been prepared for GVCA by an independent auditor. The deadline for receipt of the final report at the district is October 15. Staff clarified that missing the deadline can impact the district's ability to meet statutory deadlines.

Report to the BOE: Brian Ballard discussed a draft communication being prepared for the Board. There was discussion regarding terminology for reporting on the conclusions and recommendations from the committee. Following discussion, the draft report will be revised to incorporate an introductory statement followed by conclusions and recommendations and. Ballard will provide the committee with final wording prior to communicating the report to the Board of Education.

Stewart confirmed that the 2018/2019 budget process kicks off with the First Quarter Financial Report in November. There was discussion regarding timing and points for input from community and staff. Askelson noted that a report from the school accountability committees will be presented in February.

Members were reminded of the opportunity for dialogue with the Board on October 19 as part of the Fourth Quarter Financial Report review; Ballard confirmed he will attend the October meeting. Mike Bestor advised he will attend the November 16 study session for the First Quarter Financial Report review and dialogue with the Board.

There was discussion regarding topics to be added to the committee planning calendar. Ballard clarified that a deep dive of Budgeting for Outcomes was scheduled for the November meeting with discussion of the entire budget process scheduled for the January meeting. Following discussion, two topics of interest for discussion include PERA and whether the district is top heavy compared to other districts. Staff confirmed information compiled by Colorado Department of Education and pulled from the state's transparency website as good sources third party information to address questions from citizens.

Wrap Up and Next Meetings: Askelson confirmed the next FOC meeting on November 7 and on November 16 for FOC dialogue with the Board of Education as part of the Fourth Quarter Financial Report review.

The meeting was adjourned at 11:20 a.m.