



Financial Oversight Committee Meeting

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

Meeting Minutes November 7, 2017 – 10:00 a.m.

Financial Oversight Committee (FOC)

Members Present:

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

Committee Members and Staff Absent:

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:

Haley Cox, CliftonLarsonAllen, LLP

Approval of Minutes: Bob West moved and Chris Johnson seconded to approve the minutes from October 3, 2017. The minutes were approved as presented.

Insight Investment – Investment Management Program Review: Mary Donovan with Insight Investment conducted an investment review that covered market environment and strategies, comparison of annualized yields, portfolio size and duration, performance and benchmarks, diversification and maturity, yields, and deposit and investment risk disclosure per GASB 40. Discussion touched on impacts of labor shortage, housing market trends, rationale for Federal Reserve monetary policy, positioning of maturities for reinvestment opportunities, and credit analyst recommendations for holdings with recent ratings changes.

2012 General Obligation Bond Refunding Opportunity: Brian Kelso with Robert W. Baird & Co. discussed a bond refunding opportunity that would save the district money and not present additional financial risk. Kelso presented historical maturity market data and key economic indicators that looked at demand and interest rate trends. He stepped through an example of potential savings based on current market rates and estimated closure dates. Savings from the bond refunding is estimated at 5.6 percent which is above the 3 percent minimum that complies with the district's debt policy. Kelso pointed out that with pending proposed tax legislation changes that could eliminate advance bond refunding and current favorable interest rates, the timing of the bond refunding opportunity warrants immediate consideration. There was discussion regarding fees and obligations and costs if rates change before closing. The FOC will communicate to the Board of Education their recommendation that the district move forward with ratings reviews in order to accomplish the potential bond refunding by the end of the year, as long as the refunding aligns with thresholds per the district's debt policy.

2017/2018 First Quarter Financial Report: Stephanie Corbo provided an overview of the financial status of the district for the period ending September 30, 2017. Corbo reported that because operating cash is sufficient and that the district does not anticipate needing a line of credit until property tax revenues are received in the spring. She focused discussion on funds that are being monitored based on the flagging

system. The Food Service Fund is being monitored due to overall expenditures higher than prior year and decreases in Federal/State reimbursable meals due to a shift of student purchases to a la cart items. There was discussion regarding reasons for shifts to a la carte and options being explored to keep expenditures in line. Corbo noted that two charter schools, Rocky Mountain Academy Evergreen and Great Work Montessori School, are being monitored due to lower than budgeted enrollment counts to take necessary steps to ensure balanced budgets. The yellow flag status of the Grants Fund was removed for first quarter because the plan is performing as designed based on adequate reserves and spending in line with revenues. There was discussion regarding monitoring of financial performance for charter schools and how that differs with monitoring of neighborhood schools which the district has full access to all financials at any time which allows for continual oversight and which the district can dictate internal controls, reporting requirements, audit scope and budget monitoring. Askelson clarified that charter schools are different because they have their own Boards and the district has limited opportunities to look at financials. The FOC will communicate to the Board of Education their confidence that the district is performing on target as planned.

There was brief discussion regarding Jeffco Generations and the new logo for Jeffco Public Schools. Information on Jeffco Generations will be shared at the next FOC meeting.

Budget Update: Askelson stepped through the budget development status report that will be presented to the Board of Education on November 16. The presentation included a timeline, overview of objectives, status of the 2017/2018 budget, assumptions for development of the 2018/2019 budget based on the governor's budget request released in November, proposed legislation, and preliminary enrollment counts. Also covered was the plan for community engagement that includes input through school accountability committees and the District Accountability Committee, outreach by Dr. Glass, Financial Oversight, input from the Financial Oversight Committee and Capital Asset Advisory Committee, budget updates and public comment at Board of Education meetings and recommendations from district leadership.

Nicole Stewart stepped through the budget increase results for one-time and ongoing increases in the 2016/2017 budget. Stewart presented an overview of the Budgeting for Outcomes (BFO) process and reviewed the BFO forms that were emailed to the committee as included in the 2017/2018 budget. Two department examples of renewal requests for 2017/2018 were reviewed and discussed with regard to how they address improvements/efficiencies and how they address strategic objectives for the district. She noted that changes are being implemented for the 2018/2019 forms to build on the long term financial plans for all departments. There was discussion about how the budget team supports the BFO process, how departments are able to repurpose funds to support the strategic plans of their departments and the district, and how the forms help to inform the budget process. The FOC will communicate to the Board of Education their support for the BFO process and recommendation that the district continue with BFO to ensure solid fiscal management and accountability by providing a budgeting tool that emphasizes department goals and results as well as ownership of department performance.

Report to the BOE: Brian Ballard summarized the items for report out to the Board. Members will have an opportunity to review the document prior to submission to the Board of Education.

Wrap Up and Next Meetings: Askelson confirmed the next FOC meeting on November 16. Ballard, Bestor and Johnson confirmed they will attend to participate in the quarterly dialogue with the Board.

The meeting was adjourned at noon.