



Financial Oversight Committee Meeting

Education Center, 4th Floor Seminar Room
1829 Denver West Dr., Building 27
Golden, CO 80401

Meeting Minutes January 24, 2023 – 9:30 a.m.

Financial Oversight Committee (FOC)

Members Present:

Amy Alvarez
Brian Ballard
Christine Havlin
Melissa Jamieson
Jessica Keene
Robert Last
Theresa Shelton

Committee Members and Staff Absent:

Staff Present:

Tracy Dorland, Superintendent
Brenna Copeland, Chief Financial Officer
David Suppes, Interim Chief Operating Officer
Brian Sammons, Director of Budget & Treasury
Christie Moss, Controller
Charley Falkenburg, EA to CFO

Additional Attendees:

Danielle Varda, Board of Education Treasurer
Shannon Fitzgerald, Consultant

Welcome

Ms. Copeland called the meeting to order at 9:32am. The committee welcomed Board of Education Treasurer Danielle Varda who will continue to attend FOC meetings as a Board liaison. The committee also welcomed interim Chief Operating Officer David Suppes, who is providing interim leadership as the district launches a formal search process for a permanent chief operating officer.

Annual Comprehensive Financial Report (ACFR)

Ms. Moss provided a review of the finalized audit findings and a progress update on the district's corrective action plan to address the significant deficiency and two material weaknesses identified by the external auditors. The district's corrective action plan includes, but is not limited to, improving communication, tracking, and coordination on reimbursement requests between grants accounting and other departments; reinforcing existing systems that require staff to notify grants accounting when they apply for grants; updating processes for tracking and reconciliation of debt related activities, updating internal control processes and documentation; and backfilling the vacant internal auditor position.

Discussion ensued on the role of Grants Accounting. Grants Accounting supports the proper accounting for all grants funds and submits all reimbursement requests for grants that pass through CDE. The ECF grant referenced in the audit did not pass through CDE and instead came through an agency that usually funds our ERate grant. IT will continue to manage the ERate grant, including reimbursement requests. IT will coordinate with Grants Accounting if any additional grants become available from this federal agency.

Discussion: Cost Savings Plan for FY2023-24

Ms. Copeland and Mr. Sammons provided a presentation on a plan to reduce expenditures and transfers in FY24 by \$30 million. Introduced as the 10/10/10 Plan, the idea is that \$10 million would be saved from each of three areas:

savings in school budget allocations due to school consolidations and enrollment declines, reductions in departmental budgets, and deferral of transfers to the capital reserve fund.

The 10/10/10 Plan includes a new budgeting process for departments organized around the frame of Stop/Start/Continue, which will replace the former Budget for Outcomes (BFO) process for departmental budgets. The new process and associated forms aim to improve transparency, communicate shifts in resource deployment, and address intra-year and year-over-year changes. Drafts are due February 10th to the budget team.

Discussion ensued on budget process for FY24, given that school budget allocations have been completed. Ms. Copeland noted that the key decisions impacting the district's ability to reduce expenditures in FY24 were made in October, November, and December of 2022. Ms. Copeland also noted that key data emerges in this same timeframe that helps guide the district's budget process. Committee member Last requested a list of variables and data that are analyzed to develop the following year's budget. Ms. Copeland offered to provide this information at an upcoming meeting.

Discussion ensued on the proposed \$10 million deferral of the transfer to the capital reserve fund for the Capital Improvement Program. Ms. Copeland noted that deferring the transfer from the general fund creates at least two years for future sale/lease proceeds to replace general fund dollars and still fulfill the promises made regarding the Capital Improvement Program. The committee asked whether the \$10 million was a goal for the proceeds of sale or lease. Staff indicated that it is not the goal, but more of a minimum expectation of what should be possible in this 2.5 year timeframe.

Financial Report Formatting

The committee reviewed two samples of quarterly financial reports from comparable districts and discussed the advantages and disadvantages of making Jeffco's financial reporting format more similar to the examples provided (i.e., less repetitive, more streamlined, less prone to error and confusion). Committee member Shelton expressed concern of making the reports overly simplistic, noting that having text provides important information to the public. Committee member Ballard said he was in favor of simplifying the report but also providing narrative via PowerPoint slides every quarter. Committee member Last suggested applying the Start/Stop/Continue frame to modifying the quarterly report and communicating clearly to the FOC and the public about the rationale for any changes.

Ms. Moss offered to give the committee additional information on other district financial reporting formats and noted that the staff is attending a training session on CDE's recommended format for quarterly reports.

There was consensus that the FOC supports making changes to the quarterly format, subject to future input and review by FOC. Ms. Copeland added that the Q2 financial report would be presented in the existing format at the February FOC meeting.

Property Disposition Advisory Committee

Consultant Shannon Fitzgerald joined the meeting to present an opportunity for two FOC members to join the district's new Property Disposition Advisory Committee. This committee will serve to assess usage proposals for school buildings that are designated as surplus by the Board of Education. Ms. Fitzgerald noted that some properties may be designated surplus that were previously vacated by the district.

The committee will be made up eight core members comprised of the following: two members of the District Accountability Committee (DAC), two members of FOC, two members of the Capital Asset Advisory Committee (CAAC), the district's Chief Operating Officer, and the district's Chief of Communications and Strategy. This core

group is expected to be seated in early February. An additional two to four members from each building site's nearby community will be added to the committee to assist in the recommendation process for that site.

Ms. Fitzgerald said she would send the interest form to the FOC members so that interested individuals could apply.

A presentation was provided at the January 11 Board meeting on an update of Regional Opportunity for Thriving Schools, which included information on the Property Disposition Advisory Committee. Ms. Fitzgerald said she would also send that presentation to the FOC. The presentation can also be accessed on BoardDocs.

Approval of Prior Meeting Minutes

There was discussion on additional edits that were submitted by committee member Shelton for both the October 25 and November 29 meeting minutes.

The revised minutes from the October 25 minutes were motioned and seconded by committee members Ballard and Havlin, respectively. They were approved as presented with the addition of the word "annually" in the first paragraph under "Discussion: Committee Conclusions and Recommendations."

The November 29 minutes were motioned and seconded by committee members Jamieson and Havlin, respectively. They were approved as presented with committee member Shelton's edits to the second paragraph under "Debrief: Board Conversation."

Next Meeting Preview

Ms. Copeland previewed topics and priorities for the February FOC meeting, which includes: district reserves, Q2 report and drafting the committee's conclusions and recommendations to the Board for the March 9 Board meeting. Time permitting, the FOC will also receive information about the effort to establish bylaws for each board advisory committee, including the FOC.

The next meeting will be Tuesday, February 28.

Adjournment

The meeting adjourned at 11:33 AM.