



Financial Oversight Committee Meeting

Remotely via Microsoft Teams
1829 Denver West Dr., Building 27
Golden, CO 80401

Meeting Minutes

June 1, 2021 – 10:00 a.m.

Financial Oversight Committee (FOC)

Members Present:

Gordon Calahan
Kyla Jones
Mary Everson
Scott Tarbox

Committee Members and Staff Absent:

Brian Ballard
Leanne Emm, Chair
Charlotte Franson

Staff Present:

Nicole Stewart, Interim Chief Financial Officer
Tracy Dorland, Superintendent
Steve Bell, Chief Operating Officer
Jason Hendricks, Director of Finance
Tim Reed, Exec. Director Facilities & Construction Management
Debbie Rainguet, Exec. Assistant to CFO

Independent Auditor and Other:

Paul Niedermuller, CliftonLarsonAllen, LLP

Welcome and Introductions: The meeting was called to order.

Staff Report and Committee Updates: The proposed meeting schedule for 2021/2022 was reviewed and discussed. Staff will move forward with meetings on the fourth Tuesday of the month. Stewart announced that Superintendent Dorland made a decision to post the Chief Financial Officer position and that she has been invited to apply. FOC will have an opportunity to participate in the hiring process.

With the resignation of Mary Everson from FOC, Stewart reviewed the process for filling the vacancy. Kyla Jones advised that June will be her last FOC meeting as she is moving out of Jefferson County. The vacancy announcement and application will be posted on the district's website; staff will share the link with the committee.

Budget and Negotiations Update: Stewart stepped through the Budget Update that will be presented to the Board on June 3. Topics included an update on the status of the School Finance Act; an overview of changes to the 2021/2022 Proposed Budget; and an update on compensation including status of negotiations and financial impacts to the district.

The district continues to monitor the proposed School Finance Act that currently includes 2 percent inflation, a statewide student enrollment decline, a \$572 million buy down of the budget stabilization factor statewide, and a one time At Risk allocation of \$77M; if passed, these changes could result in an increase for the district for 2021/2022. Legislative Council cautions that sustainability of the buy down to the budget stabilization factor for 2022/2023 will be challenging for the state. Legislation relating to an additional allocation for special education (SPED) funding statewide resulted in an estimated ongoing increase of \$1 million for Jeffco Public Schools.

Stewart summarized the revenue and expenditure assumptions included in the current 2021/2022 proposed budget. Proposed changes eliminate the revenue loss for specific ownership tax and the expenditures for other fund supports. The revenue assumption was increased to reflect the one time increases of \$6 million in state funding and \$8 million from the mill levy tax credit. The district estimates it will receive \$8 million in one-time

funds from passage of SB21-1164 for the mill levy tax credit; however, pending legislation could utilize the mill levy tax credit funds starting in fiscal year 2023.

The district identified an estimated \$24 million in expenditures that can be moved from the General Fund to the Elementary and Secondary School Emergency Relief (ESSER) grant to free up one-time dollars in the General Fund that can be dropped to the bottom line.

Assumptions in the current proposed 2021/2022 budget presented in May assumed \$26.2 million in ongoing funds and \$11.8 million in one-time funds from use of ESSER and third quarter savings. Following the status of current legislation, and an analysis of third quarter financial results eliminating the reduction in estimated revenue for specific ownership tax (SOT) and the support for other funds, the revised proposed assumptions for 2021/2022 budget will assume an estimated \$34.7 million in ongoing funds for the district and \$41 million in one-time funds.

In May, the Board voted to support moving forward with a commitment to purchase literacy resources using one-time funds; an estimated expenditure of \$2 million is being proposed for 2021/2022 to support 21 schools with the balance of the original estimate of \$17.2 million for a five-year commitment to be evaluated going forward.

Stewart noted that negotiations with the district's employee bargaining groups are ongoing and that the slide on the status of negotiations will be updated before Thursday's meeting with the Board. The district continues to work with the negotiating teams to identify priorities and evaluate availability of sustainable funds to address those priorities.

There was discussion regarding the impacts of several compensation package variations, the Government Finance Officers Association (GFOA) best practice recommendations for reserves, reserves policy limitations, impacts of committing to a multi-year contract for literacy reserves, forecasting, considerations for inflation for revenue and expenditures, the sustainability of state funding, and impacts to school finance. Other discussion included the use of a forecasting tool to better understand the impact of on-going and one-time funds in out years, compensation history, next steps in negotiations process, and strategic uses of one-time monies.

Everson made a motion that based on discussion and given the significant increase in the revenue forecast since the committee's recommendation in March, the FOC recommends removing the committee's previous recommendation to use \$30 million in reserves to address district expenditures and compensation increases; keeping district reserves in the 8 to 17 percent range as per Government Finance Officers Association Best Practices; discussing all priorities within the district; and using forecasting tools to assist in evaluating priorities and developing the budget. Gordon Calahan seconded. Following discussion, the motion passed. Staff will circulate to the committee for approval and the final recommendation will be submitted to the Board as an attachment to the Budget Update for the June 3, 2021, Board of Education meeting.

Facilities and Bond Program Update: Steve Bell and Tim Reed provided an update on the financial status of the 2018 Capital Improvement Program (CIP) through May 31, 2021. Highlights of the presentation included an overview of revenue and expenses to date, a breakdown of funding for the 2018 CIP showing funds to date from first and second issuances, premiums, interest, transfers less issuance costs for a preliminary total of \$829 million without any interest on future bonds or capital transfer funds. There was a chart showing the program dollar value by phase and a table with unallocated program contingency, forecasted remaining funds in projects, and net remaining funds. Reed commented on a list of work in progress and shared project photos as well as a list of projects in the design phase. There was discussion regarding the 10 percent contingency for each project, concerns about inflation, and advantages of completing some of the larger projects prior to the rising inflation. Reed concluded the presentation with a cash flow overview.

FOC Conclusions/Recommendations:

There were no additional recommendations to be communicated to the Board.

Approval of the Minutes: Kyla Jones moved to approve the minutes for May 4, 2021. Mary Everson seconded. There was no discussion. The motion carried unanimously, and the minutes were approved as presented.

Wrap Up and Next Meetings:

Upcoming meetings include the Board of Education meetings on June 3, 9 and 10. Adoption and appropriation of the 2021/2022 Budget is scheduled for June 10, 2021. The next FOC meeting will be August 24, 2021.

The meeting adjourned at 11:43 p.m.