



## **Financial Oversight Committee Meeting**

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

### **Meeting Minutes**

**August 6, 2019 – 10:00 a.m.**

#### **Financial Oversight Committee (FOC)**

##### **Members Present:**

Gordon Calahan  
Leann Emm  
Mary Everson  
Kyla Jones  
Scott Tarbox

##### **Committee Members and Staff Absent:**

Brian Ballard  
Mike Bestor  
Kathleen Askelson, Chief Financial Officer  
Dr. Jason Glass, Superintendent

##### **Staff Present:**

Steve Bell, Chief Operating Officer  
Nicole Stewart, Director, Budget and Treasury  
Stephanie Corbo, Director, Finance  
Debbie Ranguet, Exec. Assist. to CFO

##### **Independent Auditor and Other:**

Paul Niedermuller, CliftonLarsonAllen, LLP

**Welcome and Introductions:** Scott Tarbox declared a quorum. There were introductions by the two new members of the Financial Oversight Committee (FOC), Leanne Emm and Kyla Jones, and existing committee members and staff.

**Approval of the Minutes:** Gordon Calahan moved to approve the minutes for June 4, 2019. Scott Tarbox seconded. Mary Everson requested clarification on the acronyms and wording under the FOC Conclusions/Recommendations section. The motion carried to approve the minutes with revisions as discussed. Staff noted that a list of acronyms are included annually in the budget book.

**Budget and Negotiations Update:** Nicole Stewart reviewed the outcome of the budget adoption from the June 6 Board of Education meeting including an overview of the revised revenue and expenditure assumptions. She confirmed that the district and employee associations were not able to complete negotiations prior to budget adoption. As a result, the adopted budget includes placeholders of \$17.2M for district wide steps, levels and lanes and a 1.5 percent cost of living increase (COLA). She noted that negotiations is scheduled to continue after summer break with the next meeting scheduled for August 14. Stewart confirmed that negotiation meetings are streamed online from BoardDocs and that recordings of past meetings are also available online.

Stewart provided an overview of the changes made to the proposed budget that included the addition of revenue for funding full day kindergarten. She clarified that the \$15.2M in revenue for full day kindergarten will be listed in the adopted budget on the same line as state funding since that is how the district receives the funding; in addition, the district will no longer receive \$6M in revenue from fees that were previously collected for full day kindergarten.

Other highlights covered a review of Board directed expenditures approved as part of the budget adoption on June 6 and revenue sources including an increase in interest, an increase to specific ownership tax (SOT),

fees for 1:1 devices and inflation for the 5A mill levy override. Cabinet was directed to delay use of some of the new funds until negotiations are final should there be further direction from the Board.

There was discussion regarding how the funding for full day kindergarten was calculated and distributed. Stewart advised that the district used the number from the Colorado Department of Education (CDE) based on the October count and did not make any adjustments to account for what numbers were historically. Stewart clarified that should the numbers increase, additional funding will come from the state. She provided an overview of how the funding was integrated into the base funding for student based budgeting (SBB). Staff will do a deeper dive into the SBB and Budgeting for Outcomes (BFO) processes at the September meeting.

Additional discussion covered compensation placeholders and status of employee negotiations. At the time of the budget adoption, there were concerns about the availability of funds to cover the additional \$3.5M needed for the compensation placeholder without using reserves. Stewart confirmed that as numbers were finalized for year end, the district was able to find the funds to cover the increased compensation placeholder without dipping into reserves.

Stewart reminded the committee that the \$8M spend down included \$3.5M in actual spend down with the rest from the mill levy override (MLO) funds that were carried over for expenditure in 2019/2020. Staff answered questions regarding the fact that the 5A MLO was written to receive inflation, considerations for use of reserves, reserve levels to comply with policy and in accordance with best practices, and the PERA clause that allows for an increase of employer contribution for fiscal year 2021 from 20.15 to 20.4 percent.

**Status of Bond Proceeds Investment:** Stewart advised that the bond proceeds currently sitting with CSafe will be invested through Insight Investments for a slightly better yield and in compliance with investment policy. Bell confirmed that staff worked with Tim Reed on cash flow needs so that the investments could be structured with maturities one month prior to planned expenditures. He advised that some funds were held back as a contingency. There was discussion regarding contractor availability, timing and location of a new south area stadium, status of deferred maintenance, and how the 2012 bond funds helped the district catch up on some of the deferred maintenance

Stewart advised that Mary Donovan with Insight Investments attends FOC twice a year to provide detail on the portfolio size, duration, maturities and holdings. More info on the bond portfolio will be available then.

**Review Financial Policies/District Resources, FOC Charter and Planning Calendar:** Stephanie Corbo commented on the policies and resource documents that were submitted with the meeting packet. She noted that district policy D1EE covers FOC including the purpose, membership and meeting frequency. Corbo noted that the FOC attends the same Board study sessions that staff presents quarterly financial report reviews. She reviewed the annual planning calendar for FOC that breaks down agenda categories to be covered at each meeting, noting that the calendar is a general guideline.

Corbo confirmed that a representative from the independent audit firm of CliftonLarsonAllen is in attendance at each FOC meeting. There was discussion regarding background on FOC, clarification on responsibilities following the creation of the Audit Committee in 2013, communications from FOC to the Board, clarification on the purview of the FOC, and interface and overlap with Audit Committee and Capital Asset Advisory Committee.

Staff provided clarification on the structure of district and Board policies, as well as the process for policy review and input. The committee discussed the information that is provided to new members. Staff demonstrated where to find information on the district's public website including all district and board

policies, financial publications, committee documents, Board meeting agendas and minutes, capital projects by school under the 2018 Bond and Capital Improvement program, and the enrollment projections and facility condition assessment reports prepared by Facilities.

**FOC Conclusions/Recommendations:** The committee did not wish to make any recommendations at this time.

**Wrap Up and Next Meetings:** Tarbox confirmed the next FOC meeting is September 3, the Tuesday following the Labor Day holiday.

The meeting adjourned at 11:15 a.m.