



## ***Financial Oversight Committee Meeting***

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

### **Meeting Minutes** **October 26, 2021 – 9:30 a.m.**

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

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

Brian Ballard  
Leanne Emm, Chair  
Gordon Calahan  
Christine Havlin  
Jessica Keene

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

Charlotte Franson  
Scott Tarbox

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

Tracy Dorland, Superintendent  
Brenna Copeland, Chief Financial Officer  
Steve Bell, Chief Operating Officer  
Nicole Stewart, Director of Budget & Treasury  
Jason Hendricks, Director of Finance  
Ky Crespino, Budget Analyst (Exec Asst. support)

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

Paul Niedermuller, CliftonLarsonAllen, LLP

**Welcome and Introductions:** Leanne Emm called the meeting to order.

**Approval of Minutes from June 1, 2021:** Gordon Calahan moved to approve the minutes for October 26, 2021. The motion carried unanimously, and the minutes were approved as presented.

**FOC Member Review and Selection:** After discussion and a vote, Leanne Emm was re-elected and approved as Financial Oversight Committee Chair. Members noted that continuity of leadership within FOC might help support the staff leadership best.

**Staff Report:** Brenna Copeland gave an update on preliminary enrollment numbers for the district, which included an overview on how the State funds the district. Copeland commented enrollment decline is not only because of COVID, the district has been declining over a five-year period. Loss of enrollment is across all grade levels for various reasons. Emm requested that as the district evaluates potential budget adjustments to reflect declining enrollment, that there be differentiation of fixed costs vs variable costs. Staff noted that 80% of costs are typically personnel related and at the school level, personnel might be thought of a “semi-variable”.

Copeland presented an overview of full-time equivalent (FTE) counts and explained the adjustments necessary to convert membership to FTE. The three year historical analysis of student FTE, broken out by district and charter schools, shows that while district enrollment is declining, charter enrollment is relatively flat. Jessica Keene raised the question whether choice enrollment created more transparency into what students choose and where students are going. Copeland explained that yes it does within district, but once a family chooses out of the district the data is less comprehensive and available later in the process.

Steve Bell discussed Capital Improvement Program (CIP) review, Moss Adams, the firm conducting the review is working through the fact validation process for their evaluation report. The report will be posted on Board Docs on November 5<sup>th</sup> and Moss Adams will present to the Board of Education on November 10<sup>th</sup>.

Ballard asked about the genesis of the CIP audit. Bell said citizens had raised questions about the program and the Superintendent concluded a mid-cycle review would be beneficial. The review will provide an outsider perspective and insight into any opportunities for improvement. Dorland added that as a new Superintendent it made sense to complete this review and wanted the community to know that the district is committed to continuous improvement.

Copeland provided brief comments on Proposition 120 overview and how its potential to depress the taxable assessed value of residential real estate. Dorland added the impact of Proposition 120 would not work in favor of district funding. Stewart added that if the Proposition were to pass, the impact would occur next year.

**2020/2021 Fourth Quarter Financial Report:** Copeland updated the committee on the fourth quarter financial status for the 2021 school year. The district finished the year better than expected due to general fund underspend and ESSER funding. Stewart added that the districts cash position remains positive, and no outside support will be needed for 2021/22. Copeland explained the overview of the flag system, specifically for special revenue funds. Niedermuller pointed out three funds were observed and monitored throughout the year: Child Care Fund, Central Services Fund, and the Food Services fund.

Copeland presented a graph reviewing general fund revenue versus expenditures. Revenue came in higher than expected and expenditures dropped more than projected, with approximately \$30 million in expenditures moving to ESSER. The impact of PPR reductions from the state led to lower revenue than the prior year. Stewart added that the impact and uncertainty of COVID led district leadership to intentionally reduce expenditures where possible, which contributed to underspend recognized in the quarter results.

Copeland expressed that 2020-21 ended with a fund balance of \$212 million. Building Fund-Capital Projects ended with a fund balance of \$52.5 million for phase two projects related to the Capital Improvement Program (CIP). Copeland moved on to the Grant Fund to explain that federal grants, including ESSER, are typically reimbursement grants so budget and actuals should generally be well matched. Ballard expressed the importance of a clear depiction of one-time funds (ESSER) in the General fund chart.

Regarding the Food Service fund, Stewart commented that the district continues to evaluate operational structures and costs, but there will be a need for a General Fund transfer to support this fund once supplemental federal support ends. She stated that Jeffco is one of the only districts that does not support the Food Service fund with an annual planned general fund transfer. Ballard asked how providing free lunch has affected this fund. Bell commented that high school meal participation increased by 200% since free lunch started. While the meals are reimbursed at a higher rate this year, the increased participation has created a need for more staff and there continue to be staffing shortages in food and nutrition services. Havlin mentioned sending a communication to the community regarding the current staffing situation. Communication should include the environment of the cafeteria regarding; staffing shortages, food shortages, and what the community should expect. Bell added the reality of staffing shortages is serious. In some cases, schools have one person prepping, serving, and counting lunches. Emm lifted up the Food Service team, stating how well they handled the year in light of changes due to COVID.

Keene asked whether small schools will have the resources they need to provide quality programming, especially as one-time funds peel away in FY24. Dorland commented that there are eight schools under 200 students and double digits under 250. Even with budget subsidies, these schools struggle to fund adequate staffing with their low enrollment. FOC noted that it will be important to engage community members in conversations about small schools and the challenges they face. To ensure adequate programming and staff for all students, it will probably

be necessary to either provide additional subsidies (either by re-allocating other SBB funds or by obtaining voter-approved additional funds which would require a ballot measure) or to consolidate certain schools to reach more sustainable enrollment levels. Dorland emphasized, the Board of Education needs to guide the next steps. Keene added policies related to school closures were last reviewed in 2013 and need to be reviewed and updated to avoid situations like the closure of Allendale last year on a tight timeline. Keene expressed concern related to the credibility factor of closing schools and if parents become fearful enough, they will leave the district.

Copeland noted that while the 2020-21 school year finished with a surplus, this was due primarily to one-time funds (ESSER) and other short-term measures. Without the student-level funding based on five year average enrollment, the year would have ended with a deficit.

**2022/2023 Budget Update:** Nicole Stewart presented the status of the ESSER III application. Leadership continues to discuss the proposed uses of ESSER III funds with the community and is scheduled to present to the board in November. There was discussion and concern expressed around the ongoing nature of some of the expenditures. Copeland indicated that the approximately \$61 million in funding is spread over three years and will taper in the final year to help minimize the cliff, but there are real risks in funding FTE's in the third year of the grant. Emm emphasized the importance of communicating that these funds are non-recurring. Havlin expressed that students have suffered and these resources should be directed towards helping students. Havlin believe the community wants to move past COVID.

Stewart presented to the committee the 2022/23 budget process timeline. Schools will begin their Student Based Budgets in January. Departments have already started the budget for outcomes process. Regular budget updates will be presented to the board, and adoption is expected on June 2<sup>nd</sup>.

**FOC Conclusions/Recommendations:** The Committee discussed the next steps on committee engagement with the Board of Education at the November 10<sup>th</sup> study session.

**Wrap Up:**

The meeting adjourned at 11:32 a.m.