



## **Financial Oversight Committee Meeting**

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

### **Meeting Minutes** **December 1, 2020 – 10:00 a.m. via Zoom**

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

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

Gordon Calahan  
Charlotte Franson  
Leanne Emm, Chair  
Mary Everson  
Scott Tarbox

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

Nicole Stewart, Interim Chief Financial Officer  
Kristopher Schuh, Interim Superintendent  
Steve Bell, Chief Operating Officer-  
Debbie Ranguet, Exec. Assistant to CFO

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

Brian Ballard  
Kyla Jones

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

Paul Niedermuller, CliftonLarsonAllen, LLP

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

**Approval of the Minutes:** Scott Tarbox moved to approve the minutes for November 3, 2020. Gordon Calahan seconded. The motion carried unanimously, and the minutes were approved as presented.

**2019/2020 Comprehensive Annual Financial Report (CAFR) and Review with Auditors:** Paul Niedermuller with CliftonLarsonAllen (CLA) reported that the CAFR for the fiscal year ending June 30, 2020, was completed on November 16. He provided an overview of the responsibilities under GAAS for both CliftonLarsonAllen as the independent auditor and the district, noting that the work includes expressing opinions on the financial statements, performing an audit in accordance with required auditing standards, and communicating significant matters related to the audit. He reviewed the scope of the engagement that includes providing an audit of financial statements and the CAFR along with the single audit of major programs, Title I and Coronavirus Relief Funds (CFR). There was an explanation of how a risk-based approach is used to audit the financial statements with a focus on significant accounts and transactions.

Niedermuller provided an overview of the various sections of the CAFR noting which pieces are and are not opined on by the auditors. As communicated in the Independent Auditors' Report included in the CAFR, the district received an unmodified opinion. He pointed out that there was one management letter comment related to an expense recognition in an internal service fund that was not material; and management, though not required, elected to correct the item in the current financial statements.

Niedermuller clarified that for the first time, the single audit is not included in the district's CAFR due to a delay from the federal government in issuing compliance guidelines for conducting an audit of funds received through the CARES Act. The deadline for completing the single audit has been extended through June 30, 2021. It is anticipated that CLA will conduct the single audit in early spring 2021 once the guidelines are finalized and distributed. With regard to other communications required as part of the audit, he noted that there were no delays or difficulties in getting information and completing the audit despite the challenging circumstances of an on-going pandemic. He confirmed that there were no audit findings or issues and that the district received a clean opinion.

Niedermuller stepped through the CAFR document. He clarified that while the Management's Discussion and Analysis section includes a narrative and analysis of financial activities of the district, the auditors do not opine on this section. The following reports and sections were covered in detail including the Statement of Net Position, the Statement of Activities, Fund Financial Statements, the Notes to the Financial Statements, Required Supplementary Information and other Supplementary Information. There was further discussion regarding net pension liability, the Governmental funds Balance Sheet, a content summary of the Notes section, an overview of the Schedule of the District's Proportionate Share of the Net Pension Liability showing the state's contribution and the change from 2017 to 2019, and an explanation of the qualitative aspects of reviewing accounting practices through accounting policies, accounting estimates and financial statement disclosures.

Niedermuller advised that a correspondence was received from a citizen regarding auditing of the bond program. He noted CLA has a firm policy to not engage with citizens, thus the communication was referred to the Financial Oversight Committee Chair. He noted that the capital program is audited as part of their engagement to audit the financial statements of the district; anything beyond that would require a separate engagement. Stewart noted that the Capital Asset Advisory Committee (CAAC) had received the same letter and that the district is working internally to provide more clarity to the CAAC to assist them with their reporting to the Board. In response to a question regarding if the audit by CLA complies with the required language of the bond, Niedermuller clarified that they look at financial costs for compliance as part of the annual audit of district financials. He confirmed that CLA did not have specific direction to do a performance audit which is different than the financial audit.

There was a question as to whether the management comment related to an expense recognition in the wrong year was the same issue as in a prior year. Niedermuller clarified that the previous issue was a prepaid payable over multi years and that although it was in the same vain, it was different circumstances. He confirmed that while not required, the district made the correction and that the expenditure was tested and is captured accurately in the financial statements in the CAFR.

**Budget Update – Current Year, Budget Development for 2021/2022 and Community Engagement:** Stewart noted that due to timing of recent of updated information, the presentation for the Board meeting on December 10, 2020, won't be available until later in the week. She provided an overview on current issues being monitored for the 2020/2021 budget including the status of revenue loss for Food Service and Child Care Funds, estimated retirement and turnover savings, status of CARES funds and the uncertainty of a mid-year rescission. She confirmed that the district is implementing a hiring freeze at the central level with pre-approval required prior to hiring as well as an intentional hold on and use of underspend as a result of vacancies.

Stewart announced that the district will meet with the Jeffco Education Support Professionals Association (JESPA) and a mediator on December 10.

An update on enrollment loss is ongoing and more information will be available for the budget update at the December 10 Board of Education meeting. Currently the loss is estimated at 3,758 students.

Stewart noted that key highlights of the Governor's early Budget Proposal included a restoration of the Budget Stabilization Factor from the FY 2021 decrease, 2.5 percent inflation, a reduction of the statewide Budget Stabilization Factor of \$601M, and a statewide student loss estimate of 1,069. She noted there are concerns about the Governor's proposal because it did not not address enrollment loss or the impacts of Proposition 116, noting that the December and March forecasts will be crucial.

A recap of the status of community engagement covered a report out from the Community Budget Workgroup to the District Accountability Committee (DAC). The workgroup recommendations included a 4.5 percent spend down in reserves in FY 2021 and FY 2022 and keeping reductions as far away from students as possible. They provided a prioritized list of reductions that included central cuts as the first choice, furlough

days, student based budgeting (SBB) cuts with compensation cuts last. Stewart advised that results of the budget survey from school accountability committees (SACs) were provided to DAC and also support keeping cuts as far away from student experience as possible. DAC will present recommendations from the budget workgroup and SACs at the December 10 BOE meeting. Results of the online community budget survey will be available at the end of the week and reported to the Board as part of the budget update on December 10.

Stewart noted that principals will begin the SBB budgeting process in January. She clarified that loss of students will be a loss of funding in SBB for schools. The department budget process, Budgeting for Outcomes, is underway. The finance team is working with district leadership to identify reductions.

**Bond Update, Issuance and Refunding:** Stewart advised that the POS went public. Once the district completes a ratings review with Moody's and Standard & Poor's ratings agencies, a press release will be sent out to announce the sale. Steve Bell discussed a marketing effort to offer the bonds locally first to Jeffco residents and then to Colorado residents. The market update and pre-pricing is scheduled for the week of December 7 with the bond closing scheduled for December 22.

**FOC Conclusions/Recommendations:** Following discussion, the committee did not have a communication for the Board at this time.

**Wrap Up, Updates and Next Meetings:** Emm noted that after recently being appointed to chair of the Financial Oversight Committee, she is looking for a volunteer to replace her as the FOC representative on the Audit Committee. Following discussion, Mary Everson agreed to serve as the FOC representative. Everson will assume the role following the December Audit Committee meeting which Emm will attend; the first meeting for Everson will be in February.

Stewart recapped upcoming meetings. The regular BOE meeting is December 10 with the CAFR presentation scheduled for the December 16 study session with the Board. The next FOC meeting is January 5 via Zoom.

The meeting adjourned at 11:10 AM.