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February 2, 2022

Members of the Board of Education
 1829 Denver West Drive, Building 27
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Board Members:

Attached is the Second Quarter Financial Report for fiscal year (FY) 2021/2022 covering the period from July 1, 2021 to December 31, 2021. Overall, the second quarter continued some of the spending trends we initially observed in the first quarter. Other than debt and capital funds, all funds have expenditures below the 50% benchmark for the mid-year point. On the revenue side, the general fund revenues appear much lower than benchmark because of the timing for local tax collection, which occurs in the spring.

This report includes cash management, investment and comparative analysis schedules for the General Fund, as well as narrative and comparative schedules for all other district funds. The appendices include staffing reports, performance indicators and a guide to understanding the content within the General Fund expense descriptions. As a note, this report is prepared as a comparison to the budget as amended on September 2, 2021. It does not compare to the budget that was subsequently amended on January 26, 2022.

Following are the first quarter-end (unaudited) financial results by fund:

Jefferson County Public School
 Top Level Summary by Fund
 Quarter End – December 31, 2021

	Revenue	2020/2021 Y-T-D % of Budget for Revenue	Total Expenses	2020/2021 Y-T-D % of Revised Budget for Expenses	Net Income	Fund Balance
General Fund	\$195,745,321	23.42%	\$405,464,807	47.60%	(209,719,486)	\$2,790,617
Debt Service	427,624	.63%	50,667,700	74.41%	(50,240,076)	16,997,491
Capital Reserve	12,217,575	46.96%	4,382,174	64.06%	7,835,401	71,742,743
Building Fund 2018	4,590	4.59%	39,167,508	106.12%	(39,162,918)	13,365,751
Building Fund 2020A		0.00%	55,797,369	30.18%	(55,797,369)	227,161,960
Grants Fund	24,989,438	21.00%	20,746,966	17.44%	4,242,472	16,351,961
Food Services Fund	16,049,824	61.12%	13,583,409	48.14%	2,466,415	7,509,938
Campus Activity Fund	10,469,634	38.14%	8,788,461	32.08%	1,681,173	13,947,287
Transportation	16,922,671	58.54%	12,211,250	42.24%	4,711,421	5,421,067
Child Care Fund	9,237,951	55.60%	8,326,002	47.25%	911,949	4,568,608
Property Management Fund	922,795	35.30%	1,101,103	44.77%	(178,308)	5,488,313
Central Services Fund	1,486,124	43.71%	1,257,325	36.23%	228,799	1,624,242
Employee Benefits Fund	3,021,005	44.49%	3,531,677	47.55%	(510,672)	10,518,122
Insurance Reserve Fund	5,265,812	51.64%	5,555,966	46.83%	(290,154)	2,122,019

Technology Fund	17,525,883	56.81%	16,620,004	49.05%	905,879	11,669,434
Charter Schools	48,307,837	48.97%	47,565,642	48.22%	742,195	41,160,397

Cash Management (pages 1–3):

- Cash balances ended the quarter at \$271.2 million; this is \$20 million more than the prior year’s Q2 balance.
- Cash receipts were higher than the prior year due to increases in State Equalization funding, increases in meals served and fee collections with the return of students. Cash for grants is also trending higher with the receipt of ESSER II reimbursements in the first half of the year.
- Cash disbursements for payroll were up over prior year due to wage increases for staff, as established primarily through our collective bargaining agreements. Other non-compensatory operating expenses are up with the return of students and services such as increased meals served, activities and transportation.

General Fund (pages 4–12):


- General Fund revenues ended the quarter at 23.4 percent of budget, which is low largely due to property tax collections happening in the spring.
- General Fund expenditures are trending below expectation at 47.6 percent of the year’s budget with transfers included. Most of this underspend can be attributed to salary and vacancy savings.
- The General Fund Balance ended the quarter close \$2.8 million. This amount is better than the prior year’s second quarter.

Debt Service Fund/Capital Reserve Fund (pages 13–16):


- Revenues for the debt service fund trend low until property tax is collected in the spring. The December 2021 principal and interest payments on the general obligation bonds were made in the second quarter bringing the year to date spend to 74.4 percent of plan.
- Capital Reserve Fund expenditures are above the budgeted benchmark at 64 percent with the principal and interest payment on the COPs happening in December 2021. The fund ended the quarter with strong reserves of over \$71.7 million.
- Building Fund/Capital Projects Fund 2018 was created with the issuance of \$376 million from 2018 Series GO bond proceeds; \$50 million of that was premium. Current year interest revenues are running below plan. Expenditures ended the quarter tracking at over 106 percent of plan with a spenddown in fund balance of close to \$39.2 million. A supplemental appropriation will be needed for this fund.
- Building Fund/Capital Projects Fund 2020A was created with the issuance of \$308.8 million from 2020A Series GO bond proceeds; \$68.3 million of that is premium. Through the 2nd quarter 30.2% of budget was used totaling \$55.8 million spent on projects.

Grants Fund/Campus Activity Fund/Transportation Fund (pages 17–21):

- Activity in the Grants Fund changes from year to year with grants ending, new grants received and changes in awards. The fund ended the quarter with net income of \$4.2 million which is up over the prior year. Expenditures and revenues are trending below plan because ESSER III eligible expenditures through December 31st have not yet been moved into the grants fund, pending grant approval from the state.

-  • The Food Services Fund ended the quarter with higher revenues and expenditures than prior year driven mostly by a significant increase in meals served and an increase in ala carte items sold. The USDA extended their program allowing all children to eat at no charge through the end of the school year. The fund ended the quarter with a net income of about \$2.5 million compared to prior year net loss of close to \$2.2 million. This fund will continue to be monitored for adequate reserve coverage.
- Campus Activity Fund revenues and expenses are higher than previous year due to increased fee collections with the return of students to the classroom and activities. Timing of events, activities and fundraising impact the collection of revenues and related expenditures.
- Transportation Fund revenues and transfer ended the quarter higher than prior year same period at 79 percent of budget. This is due to the return of bus fees that were suspended in FY2021. State transportation revenues were also received in the second quarter. Expenditures ended the quarter below budget primarily due to staff shortages.

Enterprise Funds (pages 22–24):

-  • The Child Care Fund had a net income of \$911,949 for the quarter. Revenues are up over the prior year mostly due to increased enrollment in both Preschool and School Age Enrichment programs. These programs also had tuition increases for fiscal year 2022. Expenses are higher than last year due to the increased costs to support the higher enrollment into programs and compensation increases. Unfortunately, School Age Enrichment's wage increases are out pacing their tuition increases and the program is experiencing a greater loss than budgeted. The program will be closely monitored.
- The Property Management Fund ended the quarter with a net loss of \$178,308. This is better than prior year same quarter. Revenues and expenditures have both increased this year as usage of the facilities has increased significantly. Building use was limited last year same quarter due to COVID-19 restrictions.

Internal Service Funds (page 25–29):

- The Central Services Fund ended the quarter with a net income of \$228,799, compared to a net loss of \$248,675 prior year same quarter. With the return of staff and students to the classroom this year, the fund has seen an increase in both revenues and expenses with the return of pre Covid-19 copy utilization.
- The Employee Benefits Fund ended the quarter with a loss of \$510,235, comparable to prior year same quarter. Expenditures and Revenues are below the budgeted benchmark as a result of decreased participation in the dental program.
- The Insurance Reserve Fund had a net loss of \$290,154 for the quarter. Expenses are currently below the 50% benchmark for the quarter, but trending higher than prior year same quarter due to increases in premium costs and general liability claims.
- The Technology Fund ended the quarter with a net income of \$905,879, better than prior year same quarter. Overall, revenues are higher than budget and prior year due to receiving E-rate funds of just over \$2.1 million for the Geomax broadband connection which is an infrastructure rebate. Expenses are trending below plan partly due to salary underspend.

Charter Schools Fund (pages 30–32):

- The district has 16 charter schools.
- All charter schools have positive cash flow for the quarter.

- The Colorado Department of Education (CDE) approves Rocky Mountain Deaf School's daily tuition rate in December 2021; the school does not bill other districts the daily tuition rate for those students until this is approved, however, Jeffco students have been reimbursed based on the preliminary rate.

ON THE RADAR

In addition to the attached reports, following is an update on processes, system improvements and current issues in finance:

Facilities Update

Alameda International Jr./Sr. HS, students are scheduled to occupy the new and renovated areas January 18, asbestos removal in the portion to be demolished will start in February. Demolition to commence upon completion. Site reclamation to be complete in August 2022.

Pomona's auxiliary gym will be complete in February 2022. Construction continues on new buildings at Marshdale ES and Prospect Valley ES; additions to Powderhorn ES, D'Evelyn 6-12, Ralston Valley HS, Standley Lake HS; renovations to Evergreen Middle and High Schools.

Completed work includes Artificial Turf and all-weather tracks at Alameda, Jefferson Jr./Sr., D'Evelyn Jr./Sr., and Wheat Ridge HSs, Foster addition and renovations.

Design underway for 21 renovations, 6 playgrounds, 5 HVAC, 5 paving, 5 roofing, 14 flooring, and 15 LED projects; construction to be complete 2nd Quarter FY2023. Construction industry inflation, supply chain and material commitments remain a concern on projects scheduled to be bid in 3rd Quarter FY 2022.

2021/2022 Budget Development

The 2022/2023 budget development is underway. Schools received their allocated funds to start their budgeting work as of January 5, 2022. Approximately 50% of general fund expenditures are planned and decided at the school level with funds distributed to schools through the Student Based Budget (SBB) model. A few schools that provide highly specialized services are budgeted as part of departmental budgets (e.g., Fletcher Miller). Departments submitted their renewal requests in December and their increase requests in January. Leadership closely tracks the legislative work in the coming months to refine and confirm revenue projections for the 2022/2023 school year.

The district remains in sound financial condition and will continue to spend conservatively and diligently monitor economic variables. This will certify that the information contained herein is an accurate and fair representation of the district's financial status as of the date shown.



Brenna Copeland
Chief Financial Officer