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September 28, 2018

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

Attached is the Fourth Quarter Financial Report for fiscal year (FY) 2017/2018. 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.

All funds ended the year within their budgeted appropriations and better than planned. The General Fund ended the year with a planned spend down of reserves of $831,288. Revenues came in slightly above plan due to higher than planned specific ownership tax that was driven by an increase in new vehicle registrations from the May 2017 hail storm. Expenditures were higher than prior year due to instructional materials and supplies for the new Three Creeks K-8 and schools moving to a 1:1 technology device for students in middle and high schools. The spend down included an increased Capital Reserve transfer of $14 million for middle school additions at Creighton, Ken Caryl and Summit Ridge for the 6th grade transition and a supplemental budget for establishment of an Innovation Fund for $1 million.

The analyses below breaks down the specific areas of underspend that contributed to the better than anticipated quarter end results.

Following are the quarter-end (unaudited) financial results by fund and noted highlights:

Jefferson County Public School
Top Level Summary by Fund
Quarter End – June 30, 2018

	Revenue /Transfers	2017/2018 Y-T-D % of Budget For Revenue	Total Expenses/ Transfers	2017/2018 Y-T-D % of Revised Budget For Expenses	Net Income	Fund Balance (or net position)
General Fund	$ 703,449,594	100.82%	$ 704,280,882	98.82%	(831,288)	$117,014,178
Debt Service	42,785,535	96.81%	43,861,552	99.39%	(619,114)	61,264,033
Capital Reserve	38,942,231	102.28%	41,793,909	79.05%	(2,851,678)	42,080,843
Grants Fund	39,148,877	86.45%	38,553,885	85.13%	594,992	8,776,868
Food Services Fund	24,728,397	95.14%	25,537,602	96.22%	(809,205)	5,615,543
Campus Activity Fund	27,641,864	100.27%	27,892,014	97.00%	(250,151)	11,400,333
Transportation	25,898,184	97.09%	25,829,522	96.83%	68,662	636,261
Child Care Fund	14,453,419	102.16%	14,329,882	94.74%	123,537	5,244,795
Property Management Fund	3,489,324	98.29%	3,251,244	91.95%	238,081	2,595,984

	Revenue /Transfers	2017/2018 Y-T-D % of Budget For Revenue	Total Expenses/ Transfers	2017/2018 Y-T-D % of Revised Budget For Expenses	Net Income	Fund Balance (or net position)
Central Services Fund	3,489,324	98.29%	3,251,244	91.95%	238,081	2,595,984
Employee Benefits Fund	5,550,861	92.05%	6,799,516	96.36%	(1,079,513)	11,661,476
Insurance Reserve Fund	11,693,439	116.62%	13,074,014	89.23%	(1,228,539)	6,379,813
Technology Fund	25,523,267	97.82%	28,586,763	98.76%	(2,986,712)	11,554,776
Charter Schools	82,174,629	99.89%	83,452,076	103.45%	(1,277,447)	32,020,162

Cash Management (pages 1–3):

- Cash balances ended the quarter at $347 million; this was $1.3 million less than prior year balance. The use of reserves was part of the Board approved $14 million additional spending for capital projects related to the 6th grade expansion/transition.
- Cash disbursements for payroll were up over prior year due to wage increases for staff in FY 2018 that were slightly offset by Board approved one time payouts in FY 2017. Overall benefits increased over the prior year with the additional PERA rate increase. Capital reserve projects were up over prior year for 6th grade expansion/transition.
- Cash balances were adequate to cover the cash flow low point in February/March. No line of credit was needed.

General Fund (pages 4–12):

- General Fund revenues ended at 100 percent of budget and $17.3 million up from prior year due to more revenue than anticipated from specific ownership tax (SOT), charter billings and fees collected for kindergarten and senior high school participation. Revenues from state funding decreased over prior year due to decreases in enrollment and the shift from state to local property tax funding of total program.
- General Fund expenditures were at ~99 percent of budget with transfers included. Total expenditures ended higher than the previous year, primarily due to salary and benefit costs and instructional costs for the new K-8 schools and technology devices for 1:1 device readiness. The Board approved a transfer increase from General Fund to Capital Reserve for $14 million for additions at three middle schools and $1 million for the Innovation Fund.
- Fund balance for the General Fund ended the year at $117 million. This was lower than prior year and higher than planned. Unassigned reserves ended at 11.5 percent of expenditures.

Debt Service/Capital Reserve (pages 14–16):

- Revenues for the Debt Service Fund increased this quarter with the collection of property taxes and interest revenue. Interest payments on the general obligation debt were made in June 2018. A supplemental appropriation was needed for the December 2017 bond refunding. The next payment for principal and interest on the general obligation debt will be in December 2018.
- Capital Reserve Fund spending ended at 79 percent of plan for the year mostly due to invoice timing for large capital projects. Spending for the year was less than previous year primarily due to smaller scope new construction projects.

Grants Fund/Campus Activity/Transportation (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 year with net income of $594,992 which is an increase over the prior year. Detailed expenditure changes can be reviewed on page 17 of the Quarterly Report.
- The Food Services Fund ended the year with less revenue than prior year as a result of decreases in federal/state reimbursable meals due to the shift of student purchases toward a la cart items. Overall expenditures were higher than prior year ending at 96 percent of budget. A meal price increase of $.15 per meal was requested to help balance the budget for FY 2019 that was not approved and implemented. The fund remains yellow flagged for monitoring as district staff continues to work together to track and improve results where possible.
- Campus Activity Fund revenues and expenditures were higher than previous year due to tuition increases and collection of fees primarily due to 1:1 devices and increased school activity fees. Timing of events, activities and fundraising impact the collection of revenues and related expenditures. A Board approved supplemental appropriation was needed.
- Transportation Fund revenues ended the year at 97 percent of budget. The fund was higher than prior year due to an increase in state transportation revenue and increased field trips. Expenditures were lower than plan and prior year due to less capital and equipment purchases.

Enterprise Funds (pages 22–24):

- The Child Care Fund had a net income of $123,537 for the year compared to last year's net loss of $146,699. Revenues were up over the prior year due to tuition increases and four additional preschool classrooms.
- The Property Management Fund ended the year with a planned net loss of $213,802. Building rates were increased for the start of FY 2018 school year. Rental income tracked lower than budget at 98 percent driven mostly by a 23 percent decline in billable hours; field rentals were down 45 percent. A Board approved supplemental appropriation was needed.

Internal Service Funds (page 25–29):

- The Central Services Fund ended the year with net income of $238,081. Revenue was down over prior year due to a reduction in the cost of color copies from $.07 to $.06 that occurred in third quarter last year. Fund is operating as planned.
- The Employee Benefits Fund ended the year with a loss of $1,079,513. This planned loss used reserves from prior years on the self-insurance plans.
- The Insurance Reserve Fund had a net loss of $1,228,539 for the year. Revenues were up over prior year due to $5.7 million of insurance recoveries from the May 2017 hail storm. A Board approved supplemental appropriation was needed.
- The Technology Fund ended the quarter with a loss of $2,986,712. Overall revenues are under plan and less than prior year due to not receiving any E-Rate revenue this year.

Charter Schools (pages 30–32):

- The district now has 18 charter schools (counting Jefferson Academy as one school) with one school, Golden View Classical Academy (GVCA), operating outside of the district's financial system. GVCA will no longer be a part of Jeffco Public Schools and will roll up under the Charter School Institute (CSI) beginning in FY 2019.

- Free Horizon Montessori School was approved by Colorado BOE to be a school of Innovation for Jeffco Public Schools, beginning in FY 2019. This will be the last year the school is reported under charters schools and will move into the district.
- Great Work Montessori School was flagged for monitoring due to lower than expected enrollment of 56.08 which generated less revenue to cover school operating costs. District staff and the school's admin team met frequently during the year to identify General Fund expenses that could be covered by their CCSP grant, areas to reduce expenses, and additional funding needed through grants and donations to meet a balanced budget, including TABOR coverage, by yearend. This effort was successful and the school was able to cover TABOR through yearend and had positive cash flow and positive contribution to their reserves. Future outlook is positive as school enrollment is up for FY 2019 with an estimated 117.4 FTE based on current attendance of students.
- Rocky Mountain Academy Evergreen (RMAE) submitted a supplemental appropriation in November for FY 2018 budget to spend down a total of $238,516 of reserves. Actual results through yearend were better than plan with a net loss of $111,936. RMAE's current attendance records indicate a growth in students of ~40 FTE. Current total cash ended at $520,717 and was used to cover TABOR; unrestricted reserves are currently at $343,755. The school was flagged for monitoring due to a loss of students and an unsustainable spend down of reserves for future operations. RMAE met their goal for the year and will continue to be monitored until the school operates a balanced budget or positive contributions to reserves.

ON THE RADAR

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

Facilities Update

All Phase II work was completed at Sierra Elementary School.

Construction of additions to Drake and Dunstan Middle Schools (MS) remained on budget and on schedule for completion in late July 2018 with occupancy ready for the 2018/2019 school year. Renovation projects to Arvada K-8, Bell MS, Oberon MS, Manning, Carmody and Everitt continue on budget and on schedule with completion scheduled for the 2018/2019 school year to support the district's 6-8 grade reconfiguration initiative. Construction projects are also continuing for the balance of the FY 2018 Capital Program. Design work at Creighton, Ken Caryl and Summit Ridge Middle Schools continues; the projects are scheduled to bid in early fall 2018 with opening planned for the 2019/2020 school year. The final roof repairs from the May 2017 hail storm were close to done by the end of June and were completed for the start of the 2018/2019 school year. The work is funded by insurance proceeds and managed by the Construction Management department.

2018/2019 Budget Development

The 2018/2019 budget was completed and presented to the Board of Education for adoption on June 7, 2018. Community engagement continued to be a critical component. In addition to individual school accountability committees reporting budget priorities to the District Accountability Committee, the public was invited to share their thoughts around school finance at four sessions held within the community and hosted by Dr. Glass, called Talking Dollars & Sense.

Dr. Glass discussed changes with the strategic plan, the current status of state funding, and goals for the current budget year. Planning for development of 2019/2020 is currently underway. The budget department in partnership with district leadership and principals continues to evaluate student based budgeting, monitor impacts on 6th grade transition, and provide supports for budgeting for outcomes for all departments and other funds. The district continues to partner with Government Finance Officers Association engaging in best practices for school budgeting through the Alliance for Excellence in School budgeting.

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.

Kathleen Askelson

Kathleen Askelson
Chief Financial Officer