

Executive Limitation 3.F  
Financial Planning and Budgeting

To: Board of Education

From: Dr. Chris Fiedler, Superintendent of Schools

Re: Expectations of the Board through 3.F Financial Planning and Budgeting

I hereby present my Expectations of the Board through 3.F Financial Planning and Budgeting, Executive Limitation, in accordance with the monitoring schedule as set forth in Board policy. I certify the information in this report is true.

Signed:



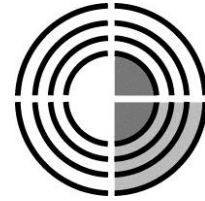
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Dr. Chris Fiedler  
Superintendent, School District 27J

Date: May 26, 2015



COLORADO SCHOOL DISTRICT 27J  
GOVERNING POLICY OF  
THE BOARD OF EDUCATION



## Policy 3.F – FINANCIAL PLANNING & BUDGETING

Date Adopted/Last Revised: January 27, 2009

Management Limitations

Monitoring Date: May 26, 2015

Financial planning for any fiscal year or the remaining part of any fiscal year will not deviate materially from the Board's End priority, risk financial jeopardy, or fail to be derived from a multi-year plan.

*I interpret financial planning to mean: annual budget resulting from the budget process.*

*I interpret deviate materially to mean: amount that causes the budget of any fund to decrease 10% or more except to the allowable extent cited in Executive Limitation 3.D.1.*

*I interpret Board's End priority to mean: organizational objectives cited in the Board of Education General End statement approved in May, 2010.*

*I interpret financial jeopardy to mean: non-compliance with Executive limitation 3.D Financial Conditions and Activities.*

*I interpret fail to be derived from a multi-year plan to mean: an inclusion of a five (5) year projection of revenue and expenditures of the General Fund.*

### **Data Reported:**

#### **Financial Planning:**

Initial projections from Governor Hickenlooper's Colorado state budget proposal indicated an increase to K-12 total program funding to include funds for growth of the state-wide student population and inflation and a one-time \$200 million reduction of the negative factor. During the 2015 legislative season the Denver-Boulder-Greeley Consumer Price Index (CPI) was communicated at 2.8 percent. The bill concerning the financing of public schools (Senate Bill 15-267) includes total program funding of \$6.240 billion after the application of a 12.05 percent negative factor, which was reduced \$25 million compared to FY 2014-15. In addition the bill includes \$5 million of funding for at-risk students that will be allocated outside the formula.

The combination of district enrollment projections and negative factor information was used to project revenues, staffing needs, and school/department funding allocations. The Executive Budget Committee was convened in December 2014, and during weekly meetings developed various budget options for consideration (*Executive Limitation 3.H*). In addition to the Executive Budget Committee, the Chief Financial Officer presented the most current information on revenue forecasts, additional expense allocations, and the planned use of fund balance to District Leadership, the Brighton Education Association, the Colorado Classified School Employees' Association, and the District Accountability Committee between January 2014 and May 2014 (*Global Executive Limitation 3.0, and C.R.S. 22-7-105*). The proposed budget was presented to the Board of Education at the April 28, 2015 meeting. The availability of the proposed budget was advertised in the newspaper and posted on the District's website, inviting community members to provide input on the district's financial plan. Public comment regarding the proposed budget was advertised as available on May 26, 2015 during the Board of Education Regular Business meeting at the Eagle Ridge Academy Charter School.

Upon final Board approval, and after the submission and acceptance of this Expectations of the Board, finance office staff will load the budget detail into the district's financial systems for the the new fiscal year. State law allows for districts to modify their Adopted Budget to reflect the certified results of the October pupil count. If the district so elects, a revised financial plan will be adopted no later than January 31, 2016.

The chart below demonstrates the Planning Department's ability to project student enrollment with significant accuracy. The accuracy of this data is critical as it impacts the District's financial planning strategy as it relates to teacher hiring, operational expenditure plans and constructing buildings to accommodate student growth.

Year	Planning Projection	Actual	Actual Over/ (Under) Projection	% Over or Under
2004	9,074	9,057	(17)	-0.19%
2005	10,450	10,477	27	0.26%
2006	11,273	11,196	(77)	-0.68%
2007	12,216	12,224	8	0.07%
2008	13,140	13,123	(17)	-0.13%
2009	13,884	13,912	28	0.20%
2010	14,676	14,502	(174)	-1.19%
2011	15,029	15,092	63	0.42%
2012	16,354	16,269	(85)	-0.52%
2013	16,697	16,717	20	0.12%
2014	17,351	17,129	(222)	-1.28%
Total	150,144	149,698	(446)	-0.30%

Fiscal planning and monitoring occur throughout the year. In order to incrementally monitor compliance, financial reports are generated and emailed to principals, department managers and executive leadership by the 5<sup>th</sup> work day of each month. In addition to the monthly financial reports, the Chief Financial Officer presented the Expectations of the Board regarding financial condition and activities to the Board of Education in October 2014 and January 2015.

### **Fiscal Jeopardy:**

Concerning the issues of fiscal jeopardy, The Board and administration have established and monitor against the following superintendent policies via internal and external (auditor) review:

DB	Annual Budget
DBC	Budget Planning Preparation and Schedules
DBE	Budget Hearing Reviews Dissemination
DBH	Fiscal Emergencies
DBJ	Budget Transfers
DDA	Grant Reimbursement Procedures
DFA	Revenues from Investments
DG	Depository of Funds
DH	Bonded Employees and Officers
DI	Fiscal Accounting Reporting
DIC	Financial Reports and Statements
DID	Inventories
DIE	Audits
DJE	Bidding Requirements
DK	Payment Procedures

In addition to the policies above, the Board of Education employs an external auditor, CliftonLarsonAllen LLP, that conducts a yearly financial and A-133 audit. There were no findings for Fiscal Year 2014.

### **Board's End Priority:**

The information below provides evidence of the continued strategic investment into schools to support the Board's Global Ends at all levels of the organization. Developing these traits will be the focus of all school and district performance improvement efforts going forth. All school improvement planning and accountability reporting will be driven by the expectation that all students will increasingly demonstrate these traits. To maximize focus on these traits, state and federal statutory requirements are integrated to the extent possible into this system.

The investment of fiscal resources shown below demonstrates the District's focus on expenditures that directly impact students in support of the Board of Education Global Ends. Cost containment efforts were implemented with the introduction of the "negative factor" in order to be in compliance with state statute and board policy. This resulted in a significant decline in total expenditures and an increase in the unrestricted general fund balance. All effort

is made to limit reductions that directly affect students directly, and in FY2015-2016 this is done without the use of one-time funds from the district's general operating fund balance.

**Schools (including charters)**    \$    **88,011,952**    70.8%

**Support Services**

Special Education	\$	10,186,631	
Facility Services	\$	5,021,464	
Transportation	\$	4,138,492	
Capital Reserve Projects	\$	1,857,344	
Academic Support	\$	2,754,749	
Pupil Support	\$	2,851,447	
Other Instructional Programs	\$	920,704	
Information Technology	\$	678,023	
Risk Management/Insurance	\$	405,206	
		<u>\$</u>	<u><b>28,814,060</b></u>
			23.2%

**Central**

Information Technolgy	\$	1,690,765	
Fiscal & Internal Services	\$	1,501,717	
Human Resources	\$	872,236	
Capital Reserve Projects	\$	412,542	
Operations	\$	719,287	
Board of Education	\$	640,983	
Office of the Superintendent	\$	552,698	
Districtwide Services	\$	638,878	
Risk Management/Insurance	\$	405,206	
		<u>\$</u>	<u><b>7,434,312</b></u>
			6.0%

**Total**                                    \$    **124,260,324**

**Multi-Year Plan:**

The chart below provides additional evidence of the 5-year budget projection impacts. This information is reasonable because it is constructed with the use of the highly accurate student enrollment data contained on the previous page and because it takes into account foreseeable issues with funding the School Finance Act in upcoming fiscal years. While the plan does present a balanced budget through fiscal year 2019-20, including full funding of the TABOR and Board of Education Emergency reserves (Executive Limitation 3.D.1c), it should be noted that numerous significant variables are used in its preparation. The most significant of these variables is the state funding which fluctuates from year to year and not easily estimated based on historical experience.

**5 - Year General Fund Budget Projection**

	<b><u>2015/2016</u></b> <b><u>Estimated</u></b>	<b><u>2016/2017</u></b> <b><u>Estimated</u></b>	<b><u>2017/2018</u></b> <b><u>Estimated</u></b>	<b><u>2018/2019</u></b> <b><u>Estimated</u></b>	<b><u>2019/2020</u></b> <b><u>Estimated</u></b>
Base data:					
Planning Department Enrollment (K-12)	17,535	17,905	18,456	19,040	19,642
Estimated Student FTE	16,834	17,190	17,718	18,278	18,857
Charter School FTE	3,523	3,602	3,657	3,712	3,769
School Finance Act - Per Pupil	\$ 7,026	\$ 7,223	\$ 7,331	\$ 7,441	\$ 7,568
Beginning Fund Balance	<u>\$ 11,979,864</u>	<u>\$ 11,807,420</u>	<u>\$ 12,135,994</u>	<u>\$ 12,407,285</u>	<u>\$ 12,733,300</u>
Revenue:					
School Finance Act Funding	118,284,527	124,160,631	129,898,623	136,015,563	142,704,603
Less: State funding rescissions					
Net School Finance Act Funding	118,284,527	124,160,631	129,898,623	136,015,563	142,704,603
Other local revenue	2,316,912	2,381,786	2,417,512	2,453,775	2,495,489
Other state revenue	<u>3,486,441</u>	<u>3,584,061</u>	<u>3,637,822</u>	<u>3,692,390</u>	<u>3,755,160</u>
Total Revenue	124,087,880	130,126,478	135,953,958	142,161,728	148,955,252
Total Revenue and Beginning Fund Bal	<u>136,067,744</u>	<u>141,933,898</u>	<u>148,089,952</u>	<u>154,569,013</u>	<u>161,688,552</u>
Expenditures, allocations and reserves:					
Employee Salaries	60,757,440	63,558,648	66,883,201	70,324,113	73,885,457
Employee Benefits	17,760,063	18,204,065	18,932,227	19,784,177	20,971,228
Purchased Services	5,495,732	5,660,604	5,830,422	6,005,335	6,185,495
Supplies & Materials	5,233,684	5,390,695	5,552,415	5,718,988	5,890,557
Property	34,700	35,741	36,813	37,918	39,055
Other Expenses	<u>165,447</u>	<u>170,080</u>	<u>176,032</u>	<u>182,193</u>	<u>188,570</u>
Total Expenditures	89,447,066	93,019,832	97,411,111	102,052,724	107,160,363
Allocation to charter schools	24,152,452	25,367,266	26,110,749	26,872,183	27,723,126
Other allocations and fund transfers	10,660,806	11,410,806	12,160,806	12,910,806	13,660,806
TABOR reserve	2,885,506	3,142,776	3,295,296	3,458,686	3,636,964
Board of Education reserve	3,214,772	3,343,179	3,501,004	3,667,826	3,851,397
Contingency reserve	<u>5,707,142</u>	<u>5,650,039</u>	<u>5,610,985</u>	<u>5,606,788</u>	<u>5,655,897</u>
Total Expenditures, Alloc. and Reserves	<u>\$136,067,744</u>	<u>\$ 141,933,898</u>	<u>\$ 148,089,952</u>	<u>\$ 154,569,013</u>	<u>\$ 161,688,552</u>

**Conclusion:** I report compliance

Accordingly, the Superintendent will not allow budgeting that:

1. Risks incurring those situations or conditions described as unacceptable in the “Financial Conditions and Activities” Board policy.

*I interpret this to mean fiscal planning provides for consistent compliance with Policies*

*3.D and 3.F, which assures that money is strategically invested towards the achievement of the Board’s End, reserves are maintained with no less than 6% fund balance including allowance for variations in the business cycle resulting in the receipt of property tax collections in the months of February through June, plans are made for expenditures associated with student enrollment growth, and fiscal jeopardy is avoided by observing sound, conservative fiscal management practices. This is reasonable because external mandates from the Colorado Department of Education and applicable state law, established operational limits as defined in Executive Limitation Policy 3.F, and staff experience and knowledge are all used in the budgeting process.*

**Data Reported**

Financial planning and budgeting under this Policy 3.F for the detailed FY2015-16 budget plan, is undertaken and executed in a manner such that compliance with Policy 3.D, Financial Condition & Activities, is not violated. This is confirmed with the annual submission of the Expectations of the Board on Policy 3.D, last submitted to the Board of Education on January 27, 2015. That monitoring report identified compliance in all categories. During the District’s planning process the 3% TABOR reserve, the 3% Board reserve, and an unappropriated reserve to be able to handle any shortfalls in revenues due to a state rescission or an October count which is less than was projected was secured prior to further expenditure discussions. These same reserves are included in future fiscal year projected budgets.

The following schedule shows General Fund month end cash balances for July 2014 through April 2015. While cash balances do not represent a complete picture of financial condition, they do provide an indication of liquidity since the General Fund is a “current fund” with no long-term assets or liabilities. The schedule shows that cash balances decrease in October through February followed by increases associated with property tax collections, and at all times the cash balance remains over the policy 6% minimum.

Month	General Fund Cash Balance
July- 14	\$20,409,814
August- 14	\$19,856,748
September- 14	\$18,333,499
October- 14	\$19,156,071
November- 14	\$18,716,433
December- 14	\$12,257,915
January- 15	\$12,303,214
February- 15	\$11,355,918
March- 15	\$15,099,585
April- 15	\$13,634,322

**Conclusion:** I report compliance

Accordingly, the Superintendent will not allow budgeting that:

2. Omits credible projection of revenues and expenses, separation of capital and operational items, cash flow projections, and disclosure of planning assumptions.

*I interpret omit credible projections to mean: not using District planning department enrollment projections which have proven to be reasonable and accurate to plus or minus .5% over the last five years.*

*I interpret revenues to mean: either new or recurring financial resources. Revenue predictions are based on the Colorado Department of Education's and other state agencies projections, current legislation impacting School Finance Act Revenue, interest rates on forecasts from ColoTrust money market funds, historical trends for specific ownership taxes and various economic news releases. Additionally, the District periodically analyzes future needs to be funded through voter-approved override provisions included in the Colorado School Finance Act. This is reasonable, as these revenue sources have proven reliable.*

*I interpret expenditures to mean: organizational internal investment cost needs of the District, including adjustment for compensation and inflation, are analyzed and addressed through available funds including enrollment growth, budget realignment, and periodic program evaluation. These are reasonable as we have experience in adjusting expenditures with consideration of the following factors: analyzing non-instructional versus instructional expenses, class size adjustments, program effectiveness and efficiency studies.*

*I interpret separation of capital and operational items to mean: that capital items, including land, buildings, improvements to buildings, and equipment having a unit value of greater than \$5,000 are maintained in funds and accounts separate from operational items. This is reasonable as the District utilizes the Colorado Department of Education standard chart of accounts, which requires all purchases to be categorized.*

*I interpret disclosure of planning assumptions to mean: the compilation of theories of action used to determine the overall revenue available to the district to address identified expenditure needs and compliance components. This is reasonable as these assumptions encompass all major revenue and expenditure categories. Additionally, these assumptions are reasonable because external mandates such as new legislation have been considered, outside resources such as the Colorado Department of Education have been utilized, and input based on staff knowledge has been incorporated.*

**Data reported**



## Revenues:

The primary revenue source to the District is provided through the enrollment based Colorado School Finance Act (SFA), with resulting payments from state equalization and property tax. The use and availability of accurate enrollment projections in application of the SFA is discussed in the previous section (Financial Planning) of this monitoring report. The state funding portion and economic conditions related to the state is also discussed extensively in the following section of this monitoring report. The remaining SFA revenue is provided through property tax, 20.4%, and specific ownership tax, 2.4%.

## Property tax

Property tax revenue is the second highest source of revenue to the District. The following table shows 10 year historical data demonstrating that tax collections are, on average, 99.7% of amounts levied. Accordingly, it is reasonable to use this data to predict this second highest source of revenue to the District. Due to the prior three years actual collection rates, the budgets presented to the Board this year do not assume an allowance for uncollected taxes or potential additional property tax abatements processed during the fiscal year.

Assessed valuation, upon which tax collections are based, trend data is also shown in the table. The Colorado Department of Local Affairs, Division of Property Taxation published a report on April 15, 2015 that estimates the assessed value increases for collection in calendar year 2016. The total estimated increase in Adams County is 18.7%, Weld County -1.4% (associated with the decline in oil and gas) and Broomfield County 14.0%. Assessed property values in Colorado are impacted by the Gallagher Amendment which limits the portion of residential property value that is subject to tax.

Levy/ Collection Year	Total	Percent Increase	Total Tax Levy	Total Tax Collection	% of Total Tax Collection to Levy
2001/2002	\$317,483,880	31.4%	\$14,927,139	\$14,616,652	97.9%
2002/2003	\$360,129,914	13.4%	\$17,028,205	\$16,729,694	98.2%
2003/2004	\$432,454,650	20.1%	\$19,340,254	\$19,186,676	99.2%
2004/2005	\$498,017,400	15.2%	\$23,915,777	\$24,349,815	101.8%
2005/2006	\$604,947,210	21.5%	\$23,740,351	\$23,848,450	100.5%
2006/2007	\$686,549,400	13.5%	\$31,280,564	\$31,115,675	99.5%
2007/2008	\$767,392,030	11.8%	\$34,735,232	\$34,464,335	99.2%
2008/2009	\$798,034,830	4.0%	\$36,082,688	\$35,717,710	99.0%
2009/2010	\$808,267,730	1.3%	\$36,601,597	\$36,565,269	99.9%
2010/2011	\$781,026,806	-3.4%	\$35,694,935	\$35,530,346	99.5%
2011/2012	\$777,457,975	-0.5%	\$35,474,631	\$35,680,386	100.6%
2012/2013	\$807,657,362	3.9%	\$36,852,598	\$36,888,996	100.1%
2013/2014	\$827,221,900	2.4%	\$37,745,309	\$37,894,838	100.4%
2014/2015	\$839,441,919	1.5%	\$39,980,940		0.0%

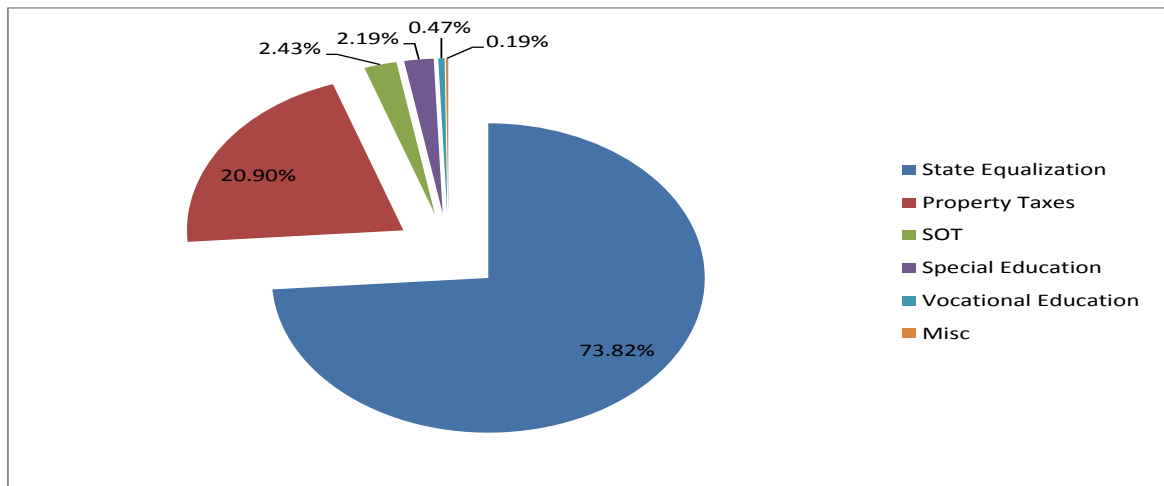
Property assessment rates have gone from a high of 16.00% in 1988, to 7.96%, the level since 2003. The workings of the Gallagher Amendment, along with the TABOR Amendment have worked to keep residential property taxes relatively low in Colorado. The District is allowed to increase property taxes at the local level to support its general operations through the referendum process. This process, referred to as the “Mill Levy Override” in the SFA, is the only viable option available the District has to provide additional operating resources. The District currently receives \$750,000, approximately \$45.65 per pupil based on the District’s FY14-15 funded pupil count, through this override process. The SFA limits the amount a district is allowed to receive through this process to 25% of its SFA calculated funding amount. For School District 27J in FY2015-16, that amount is approximately \$36.8 million, or about \$2,186 per funded pupil. As documented on the Colorado Department of Education website per funded pupil amounts currently received (FY2014-15) by neighboring Adams County districts are:

District	Per Funded Pupil Mill Levy Override
Mapleton	\$569
Adams 12	\$959
Commerce City	\$679
Westminster	\$791
District 27J	\$46

### Specific ownership tax

The remaining 2.4% of SFA revenue comes from specific ownership tax which is the tax assessed on vehicle registrations. This revenue source is expected to provide approximately \$3.0 million for the General Fund. Collections have remained fairly constant so it is reasonable to anticipate regular collection of this revenue source.

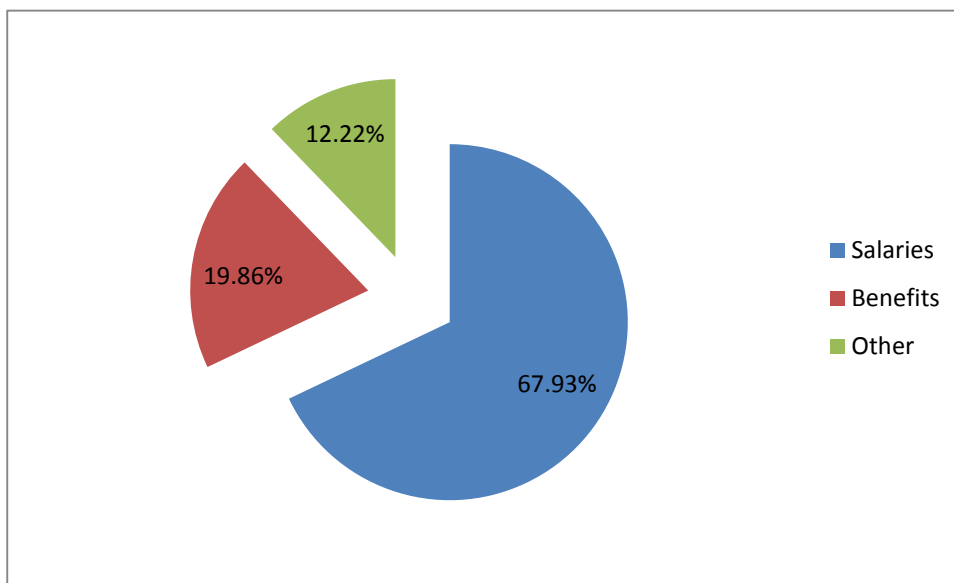
**General Fund revenue sources are shown in the following chart.**



**Expenditures:**

Expenditure needs of the District, including adjustments for changes in compensation, benefits and inflation, are analyzed and addressed through available funds including per pupil revenue, budget realignment and periodic program evaluation. These are reasonable as the District has experience in adjusting expenditures with consideration of the following factors: analyzing non-instructional versus instructional expenses, class size adjustments, program effectiveness and impact on students. District expenditures are coded to accurately reflect operations according to use of the required Colorado Department of Education Chart of Accounts, including classification of capital items to ensure separation from operational items. This is reasonable as account classification is verified through transmission of District expenditures by account to CDE through the “Automated Data Exchange” process and verified by the District’s independent auditors.

**General Fund expenditure categories are shown in the following chart.**



**Key Budget assumptions for each fund appear below:**

Fund	Revenue	Expenditures
General	The beginning fund balance is estimated at \$14,445,359. This is a decrease compared to FY2014-15. Per pupil revenues (PPR) increased to \$7,026.27.	Staffing ratio remained constant creating an increase in school resource allocations. Compensation increases approved in January 2015 continue no additional increases included.
- Risk Management	The District is maintaining a reserve of \$845,676 for one annual BOCES payment. The District transfers in \$810,412 of general funds. The only other funding source is reimbursement of claims.	Premiums for worker's compensation, liability and property are paid from this source. In addition, the administrators of our health plan, the 403(b) plan and the Sec.125 plan.
- Colorado Preschool Program	The District is required to transfer amount equivalent to the PPR x 202 funded pupils for CPP and PPR x 190 funded pupils for ECARE. In addition, the District allocates another \$266,409 to fund the CPP program.	Salary, benefits, and operation costs.
Capital Reserve	The beginning fund balance is estimated to be \$1,611,906. \$2,160,186 is being transferred from the general fund which is a decrease of \$1,314,508 from FY2014-15.	The budget book details out the specific projects associated with the additional funds. Some examples are COP payments, bus leases, and upgrade of the HR and finance system.
Governmental Grants	State and federal grants	Expenditures must be used in conformity with the grant and cannot exceed the amount of the grant. Most grants are used for salaries and benefits.
Pupil Activity	The beginning fund balance is estimated to be \$834,122. Revenues are collected from students through fees and fund raisers.	Expenditures are to be used for activities and programs that benefit the programs that raised the revenue.

Growth Impact	The beginning fund balance is estimated to be \$23,280 which is a decrease of \$16K compared to FY2014-15. The taxes in lieu is estimated at \$38K based on FY14-15 payment.	Expenditures consist of professional and technical services from individuals not employed by 27J.
Other Special Programs	Revenue is derived from charges summer school, tuition based full day kindergarten, and the detention center.	Expenditures are for salaries, benefits, and program costs.
Bond Redemption	The beginning fund balance is estimated to be \$16,538,535. Revenues are generated from a mill levy that was passed by the voters for the sole purpose of repaying bonds.	Interest and principal on payments based on fixed payments due in December and June of each year. In addition, there are fees for the paying agent.
Building	The beginning fund balance is estimated at \$242,727 for approved capital projects. There is no additional revenue for this fund.	Approved capital maintenance.
Nutrition Services	The beginning fund balance is estimated at \$1,121,541. Revenues are derived from the sale of breakfast and lunches. In addition, we receive a federal reimbursement as part of the national school breakfast and lunch program.	Salary, benefits, and the cost food are the major expenses of the program.
Child Care/Extended Day Kindergarten	Revenue is derived from charges for nine before and after daycare programs, and summer daycare.	Expenditures are for salaries, benefits, and program costs.
Transportation	The beginning fund balance is estimated at \$150,000. Revenues are derived from fees collected from students and reimbursement from CDE. In addition, the District allocates \$4,138,492 from the general fund.	Salary, benefit, and other operating costs associated with running a transportation system for the District.
Risk Management/ Dental	The beginning fund balance is	Dental claims and

Insurance	estimated at \$546,980. Dental premiums are provided from the District to fund this self-insured program.	administrative costs to run the program.
Print Shop	Revenue is derived from charges for printing services to district schools and departments as well as out of district vendors.	Expenditures are for salaries, benefits, and printing supplies.
Trust	The beginning fund balance is estimated at \$39,987.	Scholarships are awarded to high school students

**Conclusion:** I report compliance

Accordingly, the Superintendent will not allow budgeting that:

- Plans the expenditure in any fiscal year of more funds than are conservatively projected to be received.

Accordingly the Superintendent will not allow budgeting that plans the expenditure in any fiscal year of more funds than are conservatively projected to be received.

*I interpret plans the expenditure in any fiscal year to mean: organizational investment strategies that reasonably use historical data points cross correlated with projections during a specified period of time from July 1 through June 30.*

*I interpret conservatively projected to be received to mean: revenue projections conceived by the incorporation of historical data points and legislative decisions to provide foreseeable fiscal guidance.*

### **Data reported**

The District provides services through the use of sixteen separate and distinct funds. A fund is a separate set of self-balancing accounts including assets, liabilities, fund balance, revenues and expenditures. Each fund is established under Colorado Law or by District practices where segregation of revenues and expenditures is desired for reporting or compliance purposes. The funds used by the District comply with the Colorado Department of Education's chart of accounts and Generally Accepted Accounting Principles, as verified annually in the District's audited Comprehensive Annual Financial Report.

The District funds for FY2015-16, with beginning fund balance, revenues, expenditures and ending fund balance are shown below (these summary amounts have been extracted from the budget).

<b>Fund</b>	<b>Beginning Balance</b>	<b>Revenues</b>	<b>Expenditures/Transfer/ Allocations</b>	<b>Ending Fund Balance and Reserves</b>
General Fund	11,979,864	124,087,880	124,260,324	11,807,420
Capital Reserve Fund	1,611,906	2,160,186	3,662,113	109,979
Risk Management Insurance Fund	870,379	810,412	810,791	870,000
Colorado Preschool Program Fund	200,000	3,017,474	3,118,153	99,321
Transportation Fund	150,000	5,714,079	5,682,190	181,889
Governmental Designated Grants Fund	821,919	8,864,856	9,686,775	-
Pupil Activity Fund	834,122	3,463,674	4,297,796	-
Growth Impact Fund	23,280	38,280	61,560	-
Other Special Programs Fund	324,158	1,854,375	2,178,533	-
Bond Redemption Fund	16,538,535	17,458,899	16,844,856	17,152,578
Building Fund	242,727	200	242,927	-
Nutrition Services Fund	1,121,541	5,216,785	6,338,326	-
Child Care/Extended Day Kindergarten	460,000	1,071,000	1,531,000	-
Print Shop	-	171,732	171,732	-
Risk Management/Dental Insurance Fund	546,980	787,000	1,333,980	-
Trust Fund	39,987	-	39,987	-

All of the funds except the General Fund are established for a specific purpose and report revenues and expenditures only associated with that purpose. Expenditures for these funds are budgeted based on available funds which may vary significantly from year to year such as the Governmental Designated Grants Fund, determined by specific grants awarded to the District, and the Building Fund, where spending is based on the availability of bond funds. Accordingly, budgeting for these funds use processes that identify currently available resources that can be determined with significant accuracy, and not the more detailed process used for the General Fund as described below.

### **General Fund**

The General Fund records all financial activities of the District not required to be accounted for in any of the specific purpose funds. Accordingly, it is the fund that accounts for the general operation of the District. Budgeting for the General Fund relies heavily on historical data, current economic conditions, inflationary trends, state legislation, District professionals and other information. Key elements of revenue and expenditure forecasting follow.

### **Revenue forecasting:**

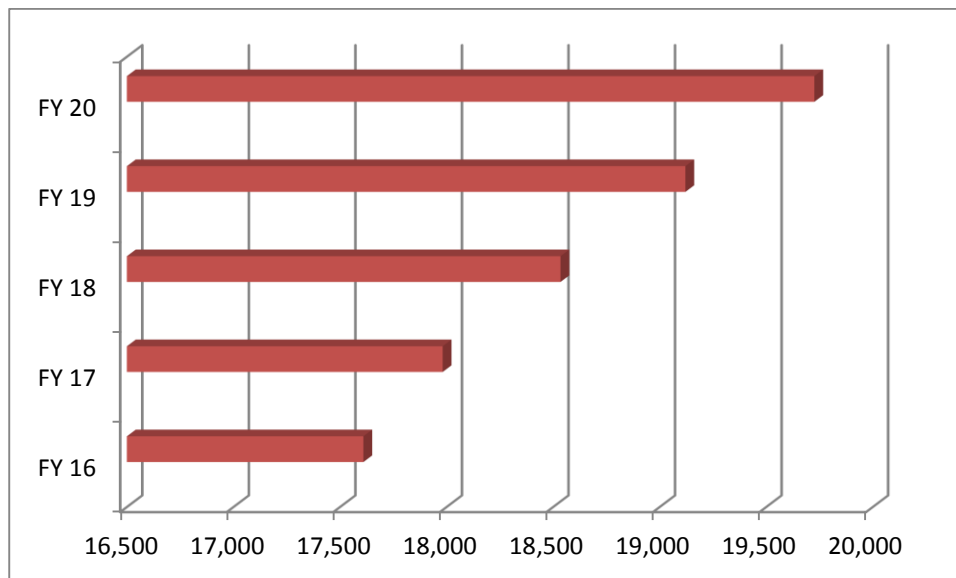
Revenue forecasting for the General Fund is primarily based on two factors:

1. Student enrollment
2. Funding under the Colorado School Finance Act(SFA) as annually modified by the State legislature

**Student enrollment**

Enrollment projections are provided by the District’s planning staff using professional forecasting tools, observation of construction activities and other means. Historical enrollment projections have been accurate to within - .30% over the last 10 years (see historical enrollment numbers earlier in this report under Financial Planning).

The General Fund budget for FY2015-16 and projections for fiscal years through FY2019-20 are based on the following enrollment data:



**Colorado SFA funding**

Funding under the SFA is formula based using student enrollment as the primary input. Finance analysts at the Colorado Department of Education (CDE) begin early projections of expected funding to Colorado school districts, using preliminary enrollment, property valuation, state economic conditions and other information. This information is then made available to the Colorado legislature, which begins its session in January. The District monitors the information from CDE and the legislature and upon finalization, enters appropriate numbers in the SFA formula. Amounts are subsequently modified when actual District enrollment is determined in October, usually resulting in adjustments to the District’s budget.

Approximately 96.4% of General Fund revenue is derived from the above described SFA formula process. Revenue sources resulting from the formula process are:

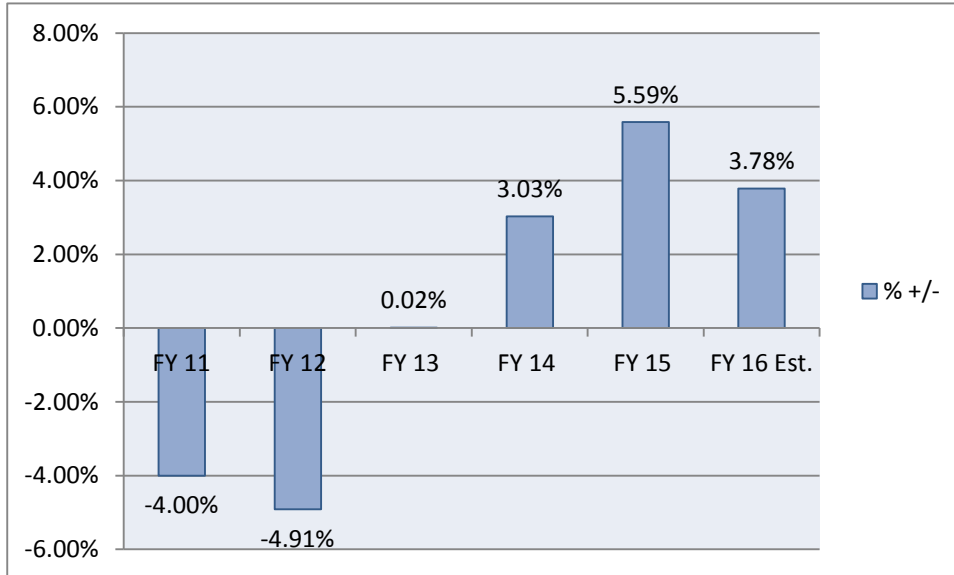
- State equalization 73.7% or \$91,426,248 for FY2015-16



- Local property tax 20.3% or \$25,180,223 for FY2015-16
- Local specific ownership tax 2.4% or \$ 3,013,326 for FY2015-16

**Historical SFA funding increases and decreases**

Inflation and economic conditions in the State are the primary factors that drive SFA funding changes. The following graph shows the percentage changes for the previous 5 years and the upcoming FY2015-16. Percentage changes are expressed as changes in Per Pupil Revenue (PPR).



**Other revenue**

- The remaining 3.6% of General Fund revenue is comprised of a combination of State categorical sources (Vocational Education and Special Education) and local sources (fees, rental, tuition, indirect cost recovery, etc).
- These other revenue sources can be predicted with reasonable accuracy using information from CDE, District staff that administer tuition, fee, rental and other programs, and prior year trends.

**Other factors impacting revenues**

The projection of the fiscal health of Colorado is critical to the District’s ability to anticipate future funding. This is strategically important in Colorado due to state mandates to limit the District’s general operating levy to 27 mills (the District’s FY2015-16 mill levy will remain unchanged from the prior year at 26.262 mills). With this limit in place, the state has the responsibility to “back-fill” SFA program revenues. It should be noted that, due to state revenue shortfalls, the SFA formula calculated “back-fill” amount for the District’s FY 2015-16 budget has been reduced by the negative factor of 12.05%, after the Student Success Act funding, or approximately \$16.2 million. The

District maintains some of the previously implemented cost containment efforts as well as a planned use of fund balance in order to accommodate this funding reduction and produce a balanced budget for FY2015-16.

**Conclusion:** I report compliance

Accordingly, the Superintendent will not allow budgeting that:

4. Provides less for Board activities during the year than is set forth in the Cost of Governance policy (*see policy in Governance Process*).

*I Interpret Board activities to mean: the collective means that the Board of Education has identified to achieve the prescribed end.*

*I interpret cost of governance policy to mean: funds allocated per policy 2.J as approved by the Board of Education on April 27, 2010.*

### **Data Reported**

The amount budgeted for Policy Governance totaling \$31,000 is the same as the amount approved during the FY2014-15 budgeting process. Additionally, \$65,000 has been budgeted for the annual independent fiscal audit as required under Policy 2.J.1.b.

**Conclusion:** I report compliance.