

# **Fiscal Year 2012-13 Third Quarter Financials and Recommended FY2012-13 Budget Amendments**

Presentation to the Finance and Audit Committee

Denver Public Schools

May 6, 2013



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# Agenda

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- FY2012-13 Q3 Results and FY2012-13 Recommended Budget Amendments
- Other Year-to-Date Results
- Proposed Budget FY2013-14 Update
  
- Appendix A: Miscellaneous Funds YTD Results
- Appendix B: FY2012-13 Detailed Q3 Financials
- Appendix C: FY2012-13 Amended Budget Resolutions
- Appendix D: FY2012-13 Summary by Fund
- Appendix E: FY2012-13 Detailed Q3 Financials with Proposed Budget Amendments

# Agenda

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FY2012-13 Q3 Results and FY2012-13 Recommended Budget Amendments

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## Third Quarter Budget to Actual Reports

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- Any changes in this presentation from its original form as presented at the April Finance and Audit Committee are noted in red font or ~~strike through~~
- Third Quarter accounting close occurred at close of business on Friday April 5<sup>th</sup>. Accordingly, ~~projected year-end results for FY2012-13 are based on preliminary 3rd Quarter data~~
- ~~While we do not anticipate material changes to our forecasts, if further analysis causes a change to our view for year-end FY2012-13, we will present revised information at the May Finance and Audit Committee meeting~~

## General Fund – 3<sup>rd</sup> Quarter Results - Updated

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- Revenues and Expenditures continue to track to the budget that was Amended in January
  - Rate of receipt of Property Taxes is consistent with historical norms
  - Potential negative impact of approximately \$300k due to Sequestration as it relates to subsidies for Build America Bonds and Qualified Zone Academy Bonds (QZABs)
  
- Planned spend of approximately \$14M from 2012 mill levy override
  - Actuals are just beginning to be recognized in this funding source
  - This spending can be seen on the supplemental financial schedules under the “Other Reserves” line item
  
- ~~■ Currently, no change in appropriation level~~
  
- ~~■ An appropriation change will be requested at the May Finance and Audit Committee meeting to reflect the increased revenue and expenditures related to the 2012 restructuring of the taxable certificates of participation~~

## General Fund – Proposed Budget Amendments – **New Slide**

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- Increase in appropriation to \$1,279,089,996
  - Increase of \$535,011,189
  
- Increase is due to the refunding of the 2011A variable rate COPs
  
- Appropriation increase reflects cost of defeasing lease agreements and swap termination payment
  
- While the appropriation is being increased, planned use of fund balance in the General Fund will decrease by approximately \$1.8M due to the change in timing of lease service payments in FY2012-13

## Capital Reserve Fund – 3<sup>rd</sup> Quarter Results

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- Increase in revenue related to lease purchase proceeds from the issuance of \$35,195,000 of Series 2013A Lease Purchase COPs for the renovation of the Downtown Campus
  - Stapleton COP proceeds **received** during the 4th quarter
- Increase in Property expenditure line item is due to project costs beginning to be incurred for the renovation of the Downtown Campus, as well as utilities and O&M
- Increase in Purchased Services expenditures are related to costs of issuance of the Series 2013A Lease Purchase COPs for the Downtown Campus
- Remaining revenues and expenditures remain on track relative to budget

## Capital Reserve Fund – Proposed Budget Amendments

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- Increase in appropriation to \$127,012,869
  - Increase of \$119,558,798
- Increase is due to the 2013A (Downtown Campus), and 2013C (Stapleton Schools) Lease Purchase COP Financings in the Capital Reserve Fund
  - Downtown Campus: Issuance and related expenditures of \$35,195,000 of Lease Purchase COPs
  - Stapleton: Issuance and related expenditures of approximately \$66,600,000 of Lease Purchase COPs
- Expenditures of Series 2013A and 2013C COP proceeds will occur in the following line items:
  - Property, for project fund expenditures to pay for renovation and improvement costs, utilities and O&M at the Downtown Campus, and construction costs for Eastbridge and Conservatory Green schools, and related improvements to the Northfield High School campus
  - Purchased Services, for costs of issuance related to both issues
  - Debt Service Interest, for Interest expense of the COPs
- Additional, increase in appropriation is related to pre-funding of South High School Project costs that will be reimbursed with the BEST Grant awarded by Colorado Department of Education (CDE)

## **Government Designated Purposes Grants Fund – 3<sup>rd</sup> Quarter Results**

- Continue to anticipate a carrying over approximately 10% of budget into FY2013-14
  - Carryover is expected and allocations are not lost to the District
  
- Carryover in federal formula grants is planned and will minimize impact due to Sequestration

## Government Designated Purposes Grants Fund – Proposed Budget Amendments

- Increase in appropriation to \$129,192,364
  - Increase of \$867,751
- Increase in appropriation due to new awards and additional dollars awarded towards existing grants. Notable awards include:
  - New award of \$100K was received for Farm to School Implementation
  - The Colorado READ Act grant received an additional \$299K towards an existing award
  - The Early Reading First grant received an additional \$180K towards an existing award
- Although current appropriation level will not be exceeded, an increase in appropriation is being sought related to the new dollars that have been awarded since the Amended budget was adopted in January

## Special Revenue Fund – 3<sup>rd</sup> Quarter Results

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- Spending remains on track as previously forecasted. Underspend from existing awards is offset by projected spend in new awards
- While some grants will be underspent, a change in appropriation level is being requested due to new grants being awarded during the fiscal year
  - Expenditures are budgeted as new awards are received. New awards received mid-year traditionally spend very little during the remaining months of the fiscal year. As a result, we do not anticipate to spend the entire award down and unspent funds will carryover to the next fiscal year

## Special Revenue Fund – Proposed Budget Amendments

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- Increase in appropriation to \$43,941,642
  - Increase of \$1,421,579
  
- Increase in appropriation due to 18 new awards and additional dollars being awarded towards 33 existing grants. Notable awards include:
  - \$700K received for the I3 grant from private donations
  - New award for \$175K was received by Facility Management for Energy, Waste & Water Reduction
  - Community funds at Slavens, Bromwell and Manual each added between \$86-\$87K per school totaling approximately \$261K in revenue

# Amended Budget FY2012-2013 Appropriation Comparison - Updated

Fund	FY 12-13 Adopted		FY 12-13 Amended		FY 12-13 Supplemental
	Budget	Adjustments	Budget	Adjustments	Budget
General Fund	\$ 709,464,258	\$ 34,614,549	\$ 744,078,807	\$ 535,011,189	\$ 1,279,089,996
Govt Designated Purpose Grants	114,990,582	13,334,031	128,324,613	867,751	129,192,364
Special Revenue Fund	26,643,018	15,877,045	42,520,063	1,421,579	43,941,642
ProComp Trust Special Revenue Fund	32,055,039	9,951,241	42,006,280	-	42,006,280
Bond Redemption Fund	70,757,652	74,146,304	144,903,956	-	144,903,956
Building Fund	41,637,641	78,078,483	119,716,124	-	119,716,124
Capital Reserve Fund	6,907,210	546,861	7,454,071	119,558,798	127,012,869
Food Services Fund	32,478,202	4,534,860	37,013,062	-	37,013,062
Warehouse Internal Service Fund	2,219,123	(638,876)	1,580,247	-	1,580,247
Risk Management Internal Service	10,429,558	-	10,429,558	-	10,429,558
Pupil Activity Fund	1,129,643	39,937	1,169,580	-	1,169,580
Technology (DoTS) Internal Service Fund	125,000	306,140	431,140	-	431,140
Private Purpose (Trust) Fund	8,977,551	1,147,432	10,124,983	-	10,124,983
Governmental Permanent Fund	122,924	1,164	124,088	-	124,088
Student Activity Fund	6,657,477	-	6,657,477	-	6,657,477
<b>Total</b>	<b>\$ 1,064,594,878</b>	<b>\$ 231,939,171</b>	<b>\$ 1,296,534,049</b>	<b>\$ 656,859,317</b>	<b>\$ 1,953,393,366</b>

# Agenda

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Other Year-to-Date Results

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## ProComp Fund – 3<sup>rd</sup> Quarter Results

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- The ProComp Trust has paid **\$26,831,755** in incentives through Q3, on track with previous forecasts
- With major lump-sum payouts for Top Performing, High Growth, and Exceeds Expectations Incentives paid during the Fall of 2012, monthly ProComp payout amounts for Salaries and Benefits are expected to stay relatively consistent for the remainder for FY12-13
- The ProComp Transition Team approves administrative overhead expenses in June, which are reimbursed to the General Fund. The maximum amount that can be approved is 5% of 2005 Mill Levy revenue, forecasted at \$1.3M for FY12-13
- No change in appropriation level

## Building Fund – 3<sup>rd</sup> Quarter Results

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- Increase of \$512,862,875 in revenue is reflective of the receipt of the 2012 Series General Obligation Bond proceeds
  
- Increased spending related to Series 2012 General Obligation Bonds for the following:
  - Increased salary and benefit expenses due to the hiring for bond projects
  - \$2,299,360 of costs of issuance related to the issuance of the bonds
  - Expenditure of bond proceeds for approved projects including \$19,340,000 for the acquisition of the Downtown Campus Building
  
- No change in appropriation level

## Risk Management Fund – 3<sup>rd</sup> Quarter Results

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- Decreased spending due lower projected salary and benefit expenses due to Risk Management department Director position vacancy since November 2012
  
- Impact to workers' compensation from major injuries in January 2013 is not yet determined
  - At this time it is expected that the unknown impact will not be material enough to exceed appropriation level
  
  - No change to projected FY13 IBNR (incurred but not reported claims) for workers' compensation insurance
  
- No change in appropriation level

# Agenda

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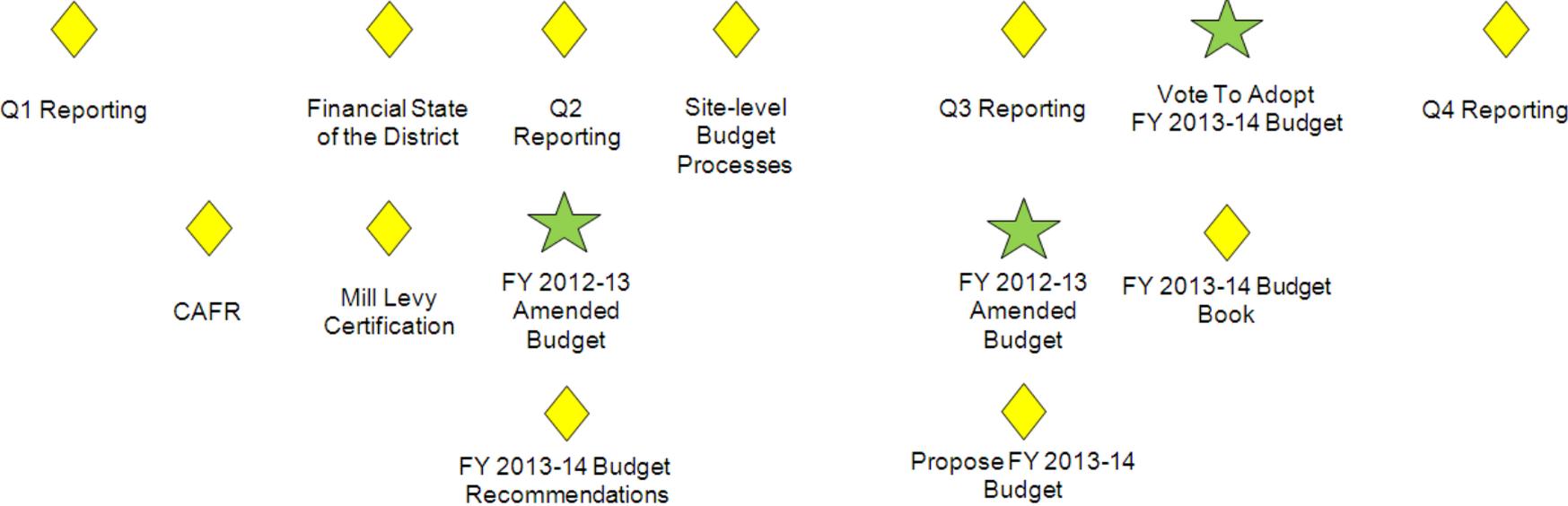
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Proposed Budget FY2013-14 Update

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# Overview of Financial Reporting Timeline to the Board of Education

2012			2013							
Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	
Planning			Preparation	Development			Finalization			



## Proposed FY2013-14 Budget

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- FY2013-14 Budget **was presented at the** Board of Education Work Session 4/15/13
  
- Assumptions largely unchanged from presentation to Board of Education on January 14
  - Revenue consistent with Governor’s Proposed Budget
  - SBB Base increased to maintain school purchasing power as it relates to compensation increases
  - Kindergarten students funded at 1.0 in SBB
  - SBB formula largely unchanged
    - New weights added to decentralize funds related to Negotiated Paras and Extra curricular stipends
    - Formula for Center Programs modified to increase equitability
  - Maintain ELL and ELO models that were implemented in FY2012-13
  - Implementation of 2012 Mill Levy Override
  
- DPS Finance Department received several questions from the BoE related to the FY2013-14 budget (federal funding reductions, CELA, FNE Turnaround, and Budget Assistance) and answers were provided at the end of January
  
- DPS Finance Department met with District SIAC on March 14<sup>th</sup> to discuss assumptions for FY2013-14 budget
  
- **A full budget update including expected change in revenue due to the passage of SB260 will be provided at the May Board of Education Work Session**

# Agenda

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## Appendix A: Miscellaneous Funds YTD Results

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## Bond Redemption Fund – 3<sup>rd</sup> Quarter Results

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- Expenses and revenue are tracking to budget
- The district currently has a reserve of \$103,888,967 in the Bond Redemption Fund in order to fund the next set of principal and interest payments in the unlikely event that property tax revenues used to service the District's debt are not collected quickly enough to meet the next set of payments
- No change in appropriation level

## Food Service Fund – 3<sup>rd</sup> Quarter Results

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- Increased supply and salary spending is a result of increased participation for the “Breakfast in the Classroom” and Fresh Fruit and Vegetables” programs
  
- No change in appropriation level

## Warehouse Fund – 3<sup>rd</sup> Quarter Results

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- Beginning Balance
  - The Warehouse Fund deficit is due to a decrease in revenue as a result of a decrease in school and department usage of the warehouse inventory. The Warehouse Fund is reported collectively with all Internal Service Funds, which also includes Risk Management and DoTS Service Bureau. As a result, the deficit is absorbed by the fund balances in the other Internal Service Funds
  
- The decrease in local support revenue is a result of a decrease utilization of the warehouse inventory by schools and departments
  
  
- No change in appropriation level

## DoTS Fund – 3<sup>rd</sup> Quarter Results

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- DoTS has engaged outside contractors to provide \$81,000 in updates and improvements originally budgeted as supplies and materials:
  - ODS / Business Intelligence contractors – DAWABI - \$30,000
  - School Performance Framework – DAWABI – \$5,000
  - Quality Assurance / Software Development Life Cycle / Load Testing - \$7,000
  - Technology Assessment - \$39,000
  
- At the end of this fiscal year, the DoTS fund will be fully expended
  - Beginning in FY2013-14 this fund will not exist and all future activity that has currently been recorded in this fund will now be tracked in the District's General Projects fund
  
- No change in appropriation level

## Private Purpose Trust Fund – 3<sup>rd</sup> Quarter Results

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- Increased revenue due to unexpected investment interest and dividend revenue received as a result of improved market conditions
  
- No change in appropriation level

# Agenda

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Appendix B: FY2012-13 Detailed Q3 Financials

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# Agenda

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## Appendix C: FY2012-13 Amended Budget Resolutions

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# Amended Budget Resolutions

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- Amending the adopted budget
- Adopting the amended budget
- Approving appropriation for expenditures
- Identification and filing

# Resolution 1 – Amending the Adopted Budget

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## ACTION

**Presented on May 6th, 2013**

**May 16, 2013**

**Finance**

**2012-13 Amen Bud-Amend**

**RESOLUTION NO. \_\_\_\_\_**

Amending the Adopted Budget  
for the Fiscal Year Beginning  
July 1, 2012, and  
Ending June 30, 2013

**BE IT RESOLVED that the Adopted Budget for the fiscal year 2012-2013, be amended to include the modifications as set forth in the attached schedules as presented by the Superintendent on May 16th, 2013.**

# Resolution 2 – Adopting the Amended Budget

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## ACTION

**Presented on May 6th, 2013**  
**May 16, 2013**  
**Finance**  
**2012-13 Amen Bud-Adopt**

**RESOLUTION NO. \_\_\_\_\_**

Amended Budget for the Fiscal Year  
Beginning July 1, 2012, and  
ending June 30, 2013

**BE IT RESOLVED BY THE BOARD OF EDUCATION OF SCHOOL DISTRICT NO. 1 IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO** that the amended budget for the ensuing fiscal year beginning July 1, 2012, and ending June 30, 2013, as presented at this meeting and as amended to this date, be, and it hereby is, adopted as the official budget of School District No. 1 in the City and County of Denver and State of Colorado for said fiscal year.

# Resolution 3 – Approving the Appropriation for Expenditures

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## ACTION

Presented on May 6th, 2013

May 16, 2013

Finance

2012-13 Amen Bud Appropriation

RESOLUTION NO. \_\_\_\_\_

Approving the Amended Budget Appropriation for Expenditures During the Fiscal Year  
Beginning July 1, 2012, and Ending June 30, 2013

**WHEREAS, THE BOARD OF EDUCATION OF SCHOOL DISTRICT NO. 1 IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO** has duly adopted an official budget for the fiscal year beginning July 1, 2012, and ending June 30, 2013, as required by law;

**WHEREAS,** said Board of Education has adopted a resolution certifying the amounts necessary to be raised from levies against the assessed valuation of all taxable property within said School District. No. 1 to defray expenditures through December 31, 2013, of the said next ensuing fiscal year;

**WHEREAS,** said Board of Education is required by law to adopt a resolution appropriating the moneys to be expended during such ensuing fiscal year in each fund;

**NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF EDUCATION OF SCHOOL DISTRICT NO. 1 IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO** that the amounts shown below be appropriated for the ensuing fiscal year beginning July 1, 2012, and ending June 30, 2013.

## Resolution 3 – Approving the Appropriation for Expenditures - Updated

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GENERAL FUND	\$	1,279,089,996
GOVERNMENT DESIGNATED PURPOSE GRANTS FUND	\$	129,192,364
SPECIAL REVENUE FUND	\$	43,941,642
SPECIAL REVENUE PROCOMP TRUST FUND	\$	42,006,280
BOND REDEMPTION FUND	\$	144,903,956
BUILDING FUND	\$	119,716,124
CAPITAL RESERVE FUND	\$	127,012,869
FOOD SERVICES FUND	\$	37,013,062
RISK MANAGEMENT INTERNAL SERVICE FUND	\$	10,429,558
PUPIL ACTIVITY FUND	\$	1,169,580
WAREHOUSE/REPRODUCTION INTERNAL SERVICE FUND	\$	1,580,247
DOTS SERVICE BUREAU INTERNAL SERVICE FUND	\$	431,140
PRIVATE PURPOSE (TRUST) FUND	\$	10,124,983
GOVERNMENTAL PERMANENT FUND	\$	124,088
STUDENT ACTIVITY FUND	\$	6,657,477

# Resolution 4 – Identification and Filing

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## ACTION

**Presented on May 6th, 2013**

**May 16, 2013**

**Finance**

**2012-13 Amen Bud Appropriation**

**RESOLUTION NO. \_\_\_\_\_**

Identification and Filing of  
Amended Adopted Budget and  
Appropriation Resolution and Copies Thereof

**BE IT RESOLVED BY THE BOARD OF EDUCATION OF SCHOOL DISTRICT NO. 1 IN THE CITY AND COUNTY OF DENVER AND STATE OF COLORADO that the following action be taken with respect to the Amended Budget and Adopted Appropriation Resolution:**

- (1) That the words “Amended Budget ”, and the name of the school district, the date of adoption, and the signature of the President of the Board be entered upon the Amended Budget.
- (2) That a copy of the Amended Budget and the Appropriation Resolution be placed on file with the Secretary of this District in her office in the School Administration Building, 900 Grant Street, Denver, Colorado and shall be open for inspection during reasonable business hours.

# Agenda

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Appendix D: FY2012-13 Summary by Fund

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# Agenda

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Appendix E: FY2012-13 Detailed Q3 Financials with Proposed Budget Amendments

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