

## **Monitoring Report: Financial Well-Being**

*Report Date: February 28, 2023*

### **I. Overview**

#### Board of Education Ends - Financial Well-Being

##### V. Financial Well-Being

- A. The Board of Education and all district employees are good stewards of the financial resources belonging to the district on behalf of students and taxpayers.
- B. All district funds and expenditures are handled equitably, efficiently, transparently, responsibly, and purposefully to maximize the benefit for all students.
- C. All district fiscal transactions are legal, ethical, and appropriate in keeping with district regulations and goals.
- D. Long-term financial stability and accountability has been established, maintained, and actively monitored in order to accomplish Board of Education End Goals.

#### Associated Executive Limitations:

- EL-14: Budgeting
- EL-15: Financial Administration
- EL-16: Asset Protection

## II. Board of Education Ends Monitoring

**Policy Subend (A):** The Board of Education and all district employees are good stewards of the financial resources belonging to the district on behalf of students and taxpayers.

**Interpretation** - We have interpreted “The Board of Education and all district employees are good stewards of the financial resources belonging to the district on behalf of students and taxpayers” to mean the ability to concentrate funding where it will do the most good, while also being efficient with taxpayer dollars.

### **Evidence -**

- a. [DCSD Financial Transparency](#) - DCSD staff maintains the DCSD Financial Transparency page in compliance with Colorado’s Public School Financial Transparency Act. The purpose of this page is to provide free public access to district financial information on-line, in a downloadable format.
- b. [Detailed Expenditures](#) - DCSD staff provides detailed expenditures for public view. The purpose of this page is to provide public access to district expenditures.
- c. [District Adopted Budget](#) - District adopted a budget in alignment with Board policy and state law.
- d. [Investment Performance Reports or Statements](#) - District staff actively monitor the investment portfolio. The purpose of these reports is to provide updates on the performance of district investments. (The Investment Performance is reported in the Quarterly Financial statements in the appendix.)

### **Compliant**

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**Policy Subend (B):** All district funds and expenditures are handled equitably, efficiently, transparently, responsibly, and purposefully to maximize the benefit for all students.

### **Interpretation -**

We have interpreted “All district funds and expenditures are handled equitably, efficiently, transparently, responsibly, and purposefully to maximize the benefit for all”

students” to mean the District financial transparency webpage is kept up to date, regular reports are given to both the Fiscal Oversight Committee and the Board of Education and appropriate support is maintained for all transactions. Additionally, budget allocations to schools are handled through a formula generated by a cohort of principals and district leaders with supporting documentation for all allocations for the purpose of serving the unique needs of each student in alignment with the district’s Mission and Vision. A Budget Guidance Manual and training is available for all budget owners documenting the allocation process and procedures for the fiscal year.

### **Evidence -**

- a. [DCSD Financial Transparency](#) - The DCSD Financial Transparency page is up to date and in compliance with Colorado’s Public School Financial Transparency Act.
- b. [Detailed Expenditures](#) - DCSD staff provide detailed expenditures for public view. The purpose of this page is to provide public access to district expenditures.
- c. [DCSD Quarterly Financial Statements](#) - DCSD Staff provides quarterly updates on the status of DCSD finances, including budgeted vs. actual spending. These statements are also presented to the Fiscal Oversight Committee (FOC) and approved by the BOE consent agenda.
- d. [Site Based Budgeting Formula](#) - The SBB formula reflects allocation of resources to serve the unique needs of each student in alignment with the district’s Mission and Vision.
- e. [Budget Guidance Manual](#) - The 2023-2024 Budget Guidance Manual and training reflect purposeful allocation process and procedures for the fiscal year.

### **Compliant**

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**Policy Subend (C):** All district fiscal transactions are legal, ethical, and appropriate in keeping with district regulations and goals.

### **Interpretation -**

We have interpreted “All district fiscal transactions are legal, ethical, and appropriate in keeping with district regulations and goals” to mean the District remains in compliance

with audit, grant and other laws and policies, including those monitored by outside agencies.

**Evidence -**

- a. [District Financial Audit](#) - The auditors found no material errors in financial results or position nor significant deficiencies or material weaknesses in internal controls.
- b. [Fiscal Oversight Committee Findings](#) - The FOC found no material errors in financial results or position nor significant deficiencies or material weaknesses in internal controls.
- c. [DCSD Comprehensive Annual Financial Report \(CAFR\)](#) - The CAFR provides accurate and meaningful information concerning the District's financial condition and performance. State law requires that all local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles in the United States of America (U.S. GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. DCSD is in full compliance with these laws and requirements.

**Compliant**

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**Policy Subend (D):** Long-term financial stability and accountability has been established, maintained, and actively monitored in order to accomplish Board of Education End Goals.

**Interpretation -**

We have interpreted “Long-term financial stability and accountability has been established, maintained, and actively monitored in order to accomplish Board of Education End Goals” to mean fund balances are maintained as required by law as well as those established by the Board of Education and that expenditures are analyzed with respect to the budget on a regular basis. Best practices set by the school finance community and recommended by the Colorado Department of Education are considered when evaluating fund balance thresholds and long range forecasts.

**Evidence -**

- a. [District Adopted Budget](#) - Budgeted fund balances are in compliance with TABOR (3%) and BOE Policy (3%).

- b. [District Financial Audit](#) - Fund balances are in compliance with TABOR (3%) and BOE Policy (3%).
- c. [DCSD Quarterly Financial Statements](#) - DCSD Staff provide quarterly updates on the status of DCSD finances, including budgeted vs. actual spending. These statements are also presented to the Fiscal Oversight Committee (FOC) and approved by the BOE consent agenda.
- d. CDE District Financial Health Analysis: DCSD is in compliance with all CDE benchmarks.

School	Asset Sufficiency Ratio (ASR) Benchmark ≥ 1			Operating Reserve Ratio (ORR) Benchmark ≥ .0192			Operating Margin Ratio (OMR) Benchmark ≥ .01			Change in Fund Balance Ratio (CFBR) Benchmark > 0		
	2022	2021	2020	2022	2021	2020	2022	2021	2020	2022	2021	2020
DCSD	3.84	5.63	4.17	0.24	0.25	0.17	0.02	0.06	0.03	0.09	0.31	0.21

- e. DCSD Staff Presentations - DCSD Staff provided frequent updates on the status of DCSD finances.
  - [January 25, 2022](#)
  - [February 22, 2022](#)
  - [April 12, 2022](#)
  - [April 26, 2022](#)
  - [May 24, 2022](#)
  - [June 21, 2022](#)
  - [September 27, 2022](#)
  - [November 15, 2022](#)
- f. [Master Capital Plan](#) - District developed and updated the Master Capital Plan and 5-Year Projections in collaboration with the Long Range Planning Committee. The Douglas County School District Master Capital Plan encompasses a five-year period and represents an important tool in the district's planning decisions.
- g. [Mill and Bond updates](#) - District partnered with the Mill and Bond Oversight Committee to provide frequent updates on mill and bond spending in alignment with the ballot language.

**Compliant**

Additional References:

- [Bond Construction and Improvement Reports](#) - The purpose of these reports is to provide monthly Bond updates for each school.
- [Mill and Bond Oversight Committee](#) - The charge of the MBOC is to become familiar with the 2018 Mill Levy Override (MLO) and bond (Bond) program and project list, monitor the progress of the improvements and programs being implemented, ensure MLO/Bond expenditures are in alignment with ballot language approved by voters.

### III. Executive Limitations Monitoring

<b>EL-14: Budgeting</b>	
<p>EL-14: Budgeting - Financial planning for any fiscal year will comply with district policy, including the Board's Ends policies, ensures a positive sustainable financial condition, and be derived from a three-year plan for the General Fund.</p>	
<p>Interpretation: The Superintendent will bring forward a budget that ensures financial stability and is aligned with District priorities.</p>	
<b>Measure</b>	<b>Status</b>
<p>District has adopted a budget for the current fiscal year in alignment with Board policy and state law.</p> <p><a href="#">District Adopted Budget</a> <a href="#">General Fund 3-Year Forecast</a></p>	<b>Compliant</b>
<p>District developed and updated a Master Capital Plan and 5-Year Projections in collaboration with the Long Range Planning Committee.</p> <p><a href="#">Master Capital Plan</a></p>	<b>Compliant</b>
<p>DCSD Staff Presentations - DCSD Staff will provide frequent (at least quarterly) updates on the status of DCSD finances demonstrating priority spending and stability.</p> <ul style="list-style-type: none"> <li>● <a href="#">January 25, 2022</a></li> <li>● <a href="#">February 22, 2022</a></li> <li>● <a href="#">April 12, 2022</a></li> <li>● <a href="#">April 26, 2022</a></li> <li>● <a href="#">May 24, 2022</a></li> <li>● <a href="#">June 21, 2022</a></li> <li>● <a href="#">September 27, 2022</a></li> <li>● <a href="#">November 15, 2022</a></li> </ul>	<b>Compliant</b>

<b>EL-15: Financial Administration</b>
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EL-15: Financial Administration - With respect to the actual, ongoing condition of the district's financial health, the Superintendent will administer efforts to assure fiscal conditions that are consistent with achieving the Board's Ends policies, respecting the Board's ultimate authority to determine financial matters of the district, furthering the long-term financial health of the district, and maintaining accuracy of spending from the annual budget or budget policy adopted by the Board.

Interpretation: The District provides summarized and detailed information to the community via consistent and timely reporting tools as well as community oversight committees.

Measure	Status
District partners with the Mill and Bond Oversight Committee to provide frequent updates on mill and bond spending in alignment with the ballot language  <a href="#">Mill and Bond updates</a> <a href="#">Bond Construction and Improvement Reports</a> <a href="#">Mill and Bond Oversight Committee</a>	<b>Compliant</b>
District has completed full financial audits.  <a href="#">District Financial Audit</a>	<b>Compliant</b>
District provides the Board with frequent budget updates through quarterly reports, presentations, memos, etc.  <a href="#">DCSD Quarterly Financial Statements</a>	<b>Compliant</b>
District has provided full transparency to district finances.  <a href="#">DCSD Financial Transparency page</a> <a href="#">Detailed Expenditures page</a>	<b>Compliant</b>

**EL-16: Asset Protection**

EL-16: Asset Protection - The Superintendent administers efforts to assure that district assets are reasonably protected, adequately maintained, and appropriately used by the school community..

Interpretation: Ensure adequate funds are available for immediate needs and any excess is invested in a way to ensure safety of principal while maximizing returns.



Measure	Status
District actively monitors investment portfolio. <a href="#">Investment Performance Reports or Statements</a>	<b>Compliant</b>

## Appendix A - Snapshot of DCSD Budget

### SUMMARY OF COMBINED GENERAL FUNDS

	General Fund (10)	Outdoor Education Fund (13)	Capital Projects Fund (14)	Full Day Kindergarten Fund (15)	Transportation Fund (25)
Beginning Fund Balance	\$ 109,508,552	\$ -	\$ 14,790,607	\$ -	\$ 4,231,985
Revenues					
Property Taxes	\$ 276,939,007	\$ -	\$ -	\$ -	\$ -
Specific Ownership Taxes	26,964,666	-	-	-	-
Other Local Income	29,350,634	1,508,748	2,647,241	-	1,300,000
Intergovernmental	354,283,345	-	-	-	5,083,827
Other	-	-	-	-	-
<b>Total Revenues</b>	<b>\$ 687,537,652</b>	<b>\$ 1,508,748</b>	<b>\$ 2,647,241</b>	<b>\$ -</b>	<b>\$ 6,383,827</b>
Expenditures					
Salaries	316,136,369	748,242	-	-	13,201,043
Benefits	110,656,021	273,307	-	-	5,964,232
Purchased Services	33,523,392	127,422	-	-	3,759,079
Contracts w/ Charter Schools	154,309,700	-	-	-	-
Supplies	38,378,807	266,053	-	-	2,966,400
Equipment	-	35,038	347,000	-	15,000
Other	2,287,190	58,686	-	-	(357,802)
<b>Total Expenditures</b>	<b>\$ 655,291,479</b>	<b>\$ 1,508,748</b>	<b>\$ 347,000</b>	<b>\$ -</b>	<b>\$ 25,547,952</b>
BOE Contingency	\$ 6,128,840	\$ -	\$ -	\$ -	\$ -
<b>Net Income/(Loss)</b>	<b>\$ 26,117,333</b>	<b>\$ -</b>	<b>\$ 2,300,241</b>	<b>\$ -</b>	<b>\$ (19,164,125)</b>
Transfers In/(Out)	(22,114,377)	23,084	(1,050,576)	-	15,620,238
<b>Net Change in Fund Balance</b>	<b>\$ 4,002,956</b>	<b>\$ 23,084</b>	<b>\$ 1,249,665</b>	<b>\$ -</b>	<b>\$ (3,543,887)</b>
<b>Ending Fund Balance</b>	<b>\$ 113,511,508</b>	<b>\$ 23,084</b>	<b>\$ 16,040,272</b>	<b>\$ -</b>	<b>\$ 688,098</b>
TABOR Reserve	18,386,521	-	-	-	-
BOE Reserve	18,386,521	-	-	-	-
School Carry Over Reserve	21,261,778	-	-	-	-
Medicaid Carry Over Reserve	3,018,271	-	-	-	-
Assignment of 2018 Mill Levy Override	6,674,763	-	-	-	-
Enrollment Reserve	1,438,252	-	-	-	-
Literacy Curricular Materials Reserve	4,500,000	-	-	-	-
Multi-Year Lease Reserve	4,712,200	-	-	-	-
SPED/Mental Health Reserve	2,000,000	-	-	-	-
Licensed Staff Compensation Reserve	10,000,000	-	-	-	-
<b>Ending Fund Balance - after reserves</b>	<b>\$ 23,133,202</b>	<b>\$ 23,084</b>	<b>\$ 16,040,272</b>	<b>\$ -</b>	<b>\$ 688,098</b>

- General Fund 10 - accounts for 68% of all the financial activity in the District inclusive of teacher salary and benefits as well as supplies and services
- Outdoor Education Fund 13 - accounts for the financial activity associated with Stone Canyon Outdoor Adventures, a District program providing outdoor educational experiences to 5th and 6th grade students
- Capital Projects Fund 14 - accounts for the financial activity associated with building remodels, equipment purchases and technology devices with a value of \$5,000 or more
- Full Day Kindergarten Fund (FDK) 15 – accounted for the financial activity associated with the FDK tuition based program at many of the District elementary schools. This fund was discontinued with implementation of state-funded FDK.
- Transportation Fund 25 – accounts for the financial activity associated with transporting students to and from school as well as field trips and athletic events

