JEFFCO PUBLIC SCHOOLS
Building Bright Futures

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September 3, 2010

Members of the Board of Education
Cynthia Stevenson, Superintendent of Schools
1829 Denver West Drive, Building 27
Golden, CO 80401-3120

Ladies and Gentlemen:

Attached is the Fourth Quarter Financial Report for fiscal year 2009/2010. Year end results are slightly better than planned. Conservative spending has resulted in higher than originally anticipated reserves which will help to weather the ongoing economic crisis. As the pace of the economic recovery remains slow, conservative spending and thoughtful utilization of reserves remains critical.

This report includes cash management and investment schedules, 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. **Please note, this preliminary report contains estimates as the audit will not be complete until November. The numbers are subject to change.**

Following are the year to date (unaudited) financial results and noted highlights:

Jefferson County Public School
Top Level Summary by Fund
Year end – June 30, 2010

	Revenue	2009/2010 Y-T-D % of Budget For Revenue	Total Expenses	2009/2010 Y-T-D % of Revised Budget for Expenses	Net Income	Fund Balance (or net assets)
General Fund	$651,678,762	100.78%	$669,225,013	97.65%	$(17,546,251)	$148,743,041
Debt Service	350,878,709	100%	351,701,057	100%	(822,349)	68,102,318
Capital Reserve	29,642,556	100.30%	55,702,632	73.64%	(26,060,076)	36,397,970
Building Fund - Capital Projects	1,605	94.42%	1,605	94.42%	0	0
Grants Fund	45,694,028	99.99%	44,815,960	99.81%	878,068	2,020,995
Campus Activity Fund	23,340,444	85.74%	22,497,220	85.27%	843,224	10,007,478
Food Services Fund	23,886,941	98.85%	25,200,972	99.73%	(1,314,031)	6,718,364
Child Care Fund	14,784,737	97.18%	14,728,222	96.40%	56,515	3,817,690
Property Management Fund	1,689,301	99.37%	2,251,238	91.49%	(561,937)	3,899,241
Central Services Fund	3,735,433	97.84%	3,524,331	92.93%	211,102	1,932,079
Employee Benefits Fund	8,895,948	98.63%	6,683,174	85.25%	2,212,774	14,048,138
Risk Management Fund	10,883,535	109.29%	9,522,941	84.55%	1,360,594	8,309,206
Technology Fund	21,756,008	112.62%	19,941,897	92.41%	1,814,111	10,587,099
Charter Schools	40,847,284	84.69%	39,625,212	99.06%	1,222,072	10,515,707

Cash Management (pages 1 -3):

- Operating and Capital Reserve cash is down from the prior year $51 million. The majority of the decrease is the planned spend down of Capital Reserve.
- Grant receipts are up from the prior year $6 million reflecting the first year of ARRA funds.

General Fund (pages 4 - 12):

- General Fund revenues have a net increase of $10 million over the prior year. Specific Ownership Tax collections fell by $2 million primarily offset by an increase in State equalization of $13.9 million. The majority of the property taxes have been received. Interest revenue earnings have decreased due to lower cash balances and yields.
- General Fund expenditures and transfers ended the year approximately 1.4 percent lower than planned. Unfilled FTE's and salary savings, along with conservative spending by schools and departments, are the major contributors to the under spending.
- Salary and benefits are $14 million higher than the prior year resulting from COLA, steps, one-time payments, and the increased cost of PERA.
- The District's ending fund balance decreased $17.5 million. Reserves for TABOR and BOE increased over the prior year due to increased expenses.

Debt Service/Capital Reserve/Building Projects (pages 14 - 17):

- Debt Service property tax revenue has been received with estimates remaining for the September collections for 2010 tax year. The fund is ending the year as planned. On March 15, 2010, the District completed the refunding of the 2004 bonds. The entries reflecting the refunding are on the quarterly schedule, page 15. The net present value savings was $7.3 M.
- The Capital Reserve Fund has increased expenditures compared to the prior year due to bond projects. The large project expenses for the year were Jeffco Open partial replacement, Ralston ES addition, Drake MS electrical/elevator addition, Johnson Program replacement, Mandalay MS HVAC/electrical improvements, Oberon MS renovation and Bear Creek HS.
- The Building Fund – Capital Projects is closed. The bond proceeds from the 2004 and 2006 issuances have been completely expended.

Grants Fund/Campus Activity (pages 18 - 20):

- The Grants Fund revenue and expenditures are higher for the year due to ARRA stimulus funding. Expenses for ARRA grants were $11.9 million. Decreased funding in other grants and programs partially offset the ARRA increase. See Appendix G for more information on ARRA funding.
- The Campus Activity Fund ended the year with decreased revenues and expenditures compared to the prior year. Schools noted larger amount of fee waivers, alternative payment option requests and less fundraising activity. Transfers in from other funds include General Fund for fee waivers, property management to schools participating in building use and moving a non-grant program from grants.

Enterprise Funds (pages 21 – 25):

- The Food Services Fund has a yellow flag for the end of the year. A yellow flag indicates the fund is being monitored due to an unfavorable variance from the plan. Food sales revenues came in less than planned with expenses right at plan. The fund was anticipated to lose $(1,104,400) for the year but ended with an actual loss of $(1,314,031). The loss would have been larger if not for contributed capital of $1,172,164 from kitchen construction for the year. The Director of Food Service will be working with the finance department to forecast and make any needed adjustments for 2011.
- The Child Care Fund has net income of $56,515, better than plan by $120,015. Although the fund planned a reduction in fund balance for the year, expenses for salaries and benefits are

running lower than budgeted due to fluctuations in hours worked by employees and unfilled positions. Details for these changes by program are listed on page 22.
- The Property Management Fund ended the year better than plan due in part to lower salaries and contract services expenses.

Internal Service Funds (page 26 - 30):
- The Central Services Fund ended the year with $211,102 in net income. School copy volume continues to be down compared to last year but audio visual revenue has increased. Salary and benefits are also down due to an unfilled position.
- The Employee Benefits Fund has net income of $2,212,774 for the year. The large increase from the third quarter reflects a $1,611,900 Kaiser rebate. Additionally, claim losses were less than planned for the year.
- The Risk Management Fund has net income of $1,360,594. Insurance recovery revenue and claims losses are higher than the prior year due to worker's compensation settlements, July 2009 hail storm damage, and a large property claim for Woodrow Wilson charter school. The budget reflected a potential for additional expense for the incurred but not reported (IBNR) estimate for the year. The actual IBNR adjustment from the actuarial study was a favorable adjustment of $417,000. Expenses for the hail storm will continue through 2011.
- The Technology Fund has net income of $1,814,111 for the quarter. Revenues were higher than expected due to the timing of ERATE funding. Expenses are lower due to unfilled positions and the timing for expenditures on projects. Current major IT projects include voice communication upgrade, disaster recovery, PeopleSoft upgrades and data warehousing. Additionally, Jeffco schools is one of the first organizations to upgrade to the current version of PeopleSoft Customer Relationship Management (CRM).

Charter Schools (pages 31-33):
- Three schools have yellow flags for the year end. Mountain Phoenix was approved by the Board to continue borrowing up to $95,000 for the end of the fiscal year which they did not exceed. Rocky Mountain Deaf school is borrowing $(37,238) at the end of the quarter. They have receivables from other districts of $21,956, if those had been received, the balance to the District would be $(15,282). Compass Montessori Wheat Ridge is borrowing $(7,000) from the Home Option program at the end of the year but had planned to have it fully repaid by the fiscal year end. The school will arrange operating financing from an outside party, if necessary, for the 1st quarter of 2011 in order to not borrow from the District

ON THE RADAR:

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

Facilities Maintenance Program Performance Evaluation:
The Facilities Maintenance Program was reviewed by a third party in 2008. Several recommendations regarding efficiencies and system utilization were provided. The Chief Operating Officer continues to work on implementation of these recommendations.

District Wide Facilities Master Plan:
The three components of the District Wide Facilities Master Plan; Capital Asset Planning, Facilities Usage Committee and State Wide Financial Assistance Priority Assessments, are nearing completion.

Capital Asset Planning: In May, the Capital Asset Planning team met with Cabinet to review the summary of assessment findings and six overarching topics: previous commitments, athletic fields, preschools, sixth grade alignment with middle school, replacement schools and consolidations and choice enrollment. A follow-up meeting was held with Cabinet in June to further refine the issues and provide additional direction to the Capital Asset Planning team. A work session with Cabinet will be held in September to review the resulting analysis and recommendations. The initial findings report will be published in September; the master plan recommendations will be published in October.

Also, in May, the Capital Asset Planning consultant completed demonstration and training sessions for various departments of the assessment software that will be used for all future tracking of the capital deficiencies. The transition of the database and software from the consultant to the District will occur in September. At that time district facilities planning staff will take over full responsibility for keeping the data current and accurate.

Facilities Usage: status of the implementation of the January 2010 Board of Education facilities usage directives follows:

- Construction is underway to create a K-8 program at Arvada MS for the students that are currently at Russell ES and Arvada MS. Jefferson County has issued a letter of intent to purchase Russell ES.
- The school related programs have been moved out of the cottages and the temp buildings into the main building at Allendale ES. Two of the temporary buildings will be demolished; one will be used for before and after school care by the YMCA under the building use process. The process to dispose of the cottages will begin in September. The Arvada West Preschool has moved to Fitzmorris ES; construction of a separate preschool play area is underway and will be completed by start of school. The process to dispose of the cottages will begin in September.
- The Swanson Preschool has moved to Secrest ES; construction of a separate preschool play area is underway and will be completed by start of school. The process to dispose of the cottages will begin in September.
- Twenty schools that have temporary buildings and 92% or less utilization in SY 2007/2008 have been surveyed. Current plan for temporary buildings is: demolish seven, mothball nineteen, sell seven and relocate two for upcoming construction project. Remaining sixteen sites will be surveyed by mid September.

State Wide Financial Assistance Priority Assessments: In March, the State assessments were completed and released to the public; this information has been incorporated into the District's assessment information.

Technology Phone System:

The RFP was awarded to Qwest Communications to install a Cisco Unified Communication platform. Central core equipment has been ordered and will be installed now through early fall. Central administrative sites and two schools will be migrated to the new phone system by the end of the calendar year as part of the pilot phase.

Disaster Recovery Project (DR):

DR plans have been developed for the top 20 systems and services. Hardware has been procured for the site and partial testing was completed July 13th and 14th on some systems and services. Subsequent tests of top priority systems will be conducted during non-student contact days in October, November and December with the goal of a full test by summer break 2011. Construction on the Quail DR facility is on schedule with an expected completion by the end of October 2010.

2010/2011 Budget Development:
District staff is preparing a proposed budget development process for the 2011/2012 budget. Conversations with the Board are planned for the 1st Quarter of 2010/2011.

Again, the district remains in sound financial condition. We will continue to spend conservatively and diligently monitor economic variables on the radar.

This 4th Quarter Financial Report will be presented to the Board of Education on Thursday, October 21, 2010. It is always helpful if you have any questions, to let me know in advance so that we can formally present and answer those questions during the meeting.

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.

Lorie B. Gillis

Lorie B. Gillis
Chief Financial Officer