



Denver Public Schools EL15 - Budgeting Monitoring Report

August 2023

Board policy is indicated in **bold** typeface throughout.

I hereby present my monitoring report on your Executive Limitations policy EL-15, "Budgeting" according to the schedule set out. I certify that the information contained in this report is true, and represents compliance with all aspects of the policy unless specifically stated otherwise.

Signed *Alex Nanno*, Superintendent

Date 8/31/2023

Policy Statement:

Financial planning for any fiscal year will align with the Board's Ends policies, not risk fiscal jeopardy, and be derived from a multi-year plan.

Accordingly, the Superintendent will present to the Board a recommended budget that:

1. **Is in a summary format understandable by a lay person**
2. **Itemizes district expenditures by fund and by student;**
 1. **Proposed Budget**
 2. **Proposed Budget Financial Schedule**
 3. **Adopted Budget**
 4. **DPS Budget for Federal Stimulus due to COVID**
 5. **Uniform Budget summary - Adopted Budget**
 6. **Detailed Budget schedules**
 7. **School Budget for All Board Regions**
3. **Includes information regarding school-level expenditures. Current transparency practice includes;**
4. **Adequately describes expenditures;**
5. **Shows the amount budgeted for the current fiscal year and the amount budgeted for the ensuing fiscal year;**
6. **Takes into consideration spending limitations in the state constitution;**
7. **Is developed with the Superintendent considering the recommendations made by each school-level accountability committee (CSC) and budget advisory committee relative to priorities for expenditures of district funds;**
8. **Contains enough information to enable credible projection of revenue and expenses;**
9. **Does not excessively rely on nonrecurring revenue;**
10. **Discloses budget planning assumptions and includes contingency plans in the event budget assumptions prove erroneous;**
11. **Provides for expenditures, interfund transfers, or reserves in alignment with available revenues and beginning fund balances;**
12. **Includes the use of beginning fund balance, unless the Board has adopted a resolution as described in state law specifically authorizing such use;**

13. Ensures the current cash reserves are not reduced without approval of the Board, at any time to less than the minimum amount required by the spending limitations set forth in the state constitution;
14. Adheres to fund balance targets outlined in policy DFB- Debt Policy.
15. Provides adequate and reasonable budget support for Board development and other governance priorities, including the costs of fiscal audits, Board and committee meetings, Board memberships, and district legal fees;
16. Takes into consideration fiscal soundness in future years and considers the building of organizational capabilities sufficient to achieve ends in future years;
17. Reflects anticipated changes in employee compensation including inflationary adjustments, step increases, performance increases, and benefits; and
18. Complies with state and federal law.

Adopted: [October 21, 2021]

LEGAL REFS.:

C.R.S. 22-11-101 et seq. (state accreditation)

C.R.S. 22-11-302 (1)(a) (district accountability committee budget recommendations)

C.R.S. 22-11-402 (1)(a) (school level accountability committee budget recommendations)

C.R.S. 22-44-101 through 117 (school district budget law, Board shall cause a proposed budget to be prepared and shall adopt a budget for each fiscal year)

C.R.S. 22-44-105 (1.5)(a) (budget parameters regarding expenses not exceeding revenue and use of beginning fund balance)

C.R.S. 22-44-106 (operating reserve)

C.R.S. 22-44-301 et seq. (Public School Financial Transparency Act)

C.R.S. 22-45-103 (1)(c) (authorized expenditures from capital reserve fund)

C.R.S. 29-1-103 (3) (budget to reflect lease-purchase payment obligation)

Monitoring Method: Internal Report

Monitoring Data:

Monitoring Frequency: Annually

Definitions

1. **Understandable by Lay person:** plain language that the average person can understand
2. **Fiscal Year:** 12-month accounting period that the school district uses for financial and tax reporting purposes
3. **Fiscal Jeopardy:** placing the district in a financial position that poses a risk to its ability to meet its fiscal obligation
4. **Uniform Budget Summary:** Budget template required by the State of Colorado in statute. All district's are required to provide their budget in this template (provided by the state) for easy comparison across districts.
5. **Collaborative School Committee:** a school-based committee made up of families, staff and community members
6. **Credible Projection:** future financial information prepared on the basis of realistic assumptions that reflect possible courses of action for the reporting period concerned as of the date the information is prepared
7. **Cash Reserves:** funds that the district has set aside in case of emergency, and can include short-term investments like a money market fund

Reasonable Interpretation

The state of Colorado has a long history of underfunding education. As a result, school districts are constantly trying to address unfunded mandates with their Per Pupil Operating Revenue allocations. School districts are not

able to be successful if they are not accurate in their budgeting process or fiscally prudent in their decision-making. I understand the importance of using best practices in budgeting as put forth by the Government Finance Officers Association (GFOA) in order to achieve success for our students. As the leader of this great district, I must be mindful of the use of Student-based budgeting as an equitable tool in addressing the needs of our most marginalized students.

Accordingly, I agree to present to the Board a recommended budget that:

1. Is in a summary format understandable by a lay person
2. Itemizes district expenditures by fund and by student;
 1. Proposed Budget
 2. Proposed Budget Financial Schedule
 3. Adopted Budget
 4. DPS Budget for Federal Stimulus due to COVID
 5. Uniform Budget summary - Adopted Budget
 6. Detailed Budget schedules
 7. School Budget for All Board Regions
3. Includes information regarding school-level expenditures. Current transparency practice includes;
4. Adequately describes expenditures;
5. Shows the amount budgeted for the current fiscal year and the amount budgeted for the ensuing fiscal year;
6. Takes into consideration spending limitations in the state constitution;
7. Is developed with the Superintendent considering the recommendations made by each school-level accountability committee (CSC) and budget advisory committee relative to priorities for expenditures of district funds;
8. Contains enough information to enable credible projection of revenue and expenses;
9. Does not excessively rely on nonrecurring revenue;
10. Discloses budget planning assumptions and includes contingency plans in the event budget assumptions prove erroneous;
11. Provides for expenditures, interfund transfers, or reserves in alignment with available revenues and beginning fund balances;
12. Includes the use of beginning fund balance, unless the Board has adopted a resolution as described in state law specifically authorizing such use;
13. Ensures the current cash reserves are not reduced without approval of the Board, at any time to less than the minimum amount required by the spending limitations set forth in the state constitution;
14. Adheres to fund balance targets outlined in policy DFB- Debt Policy.
15. Provides adequate and reasonable budget support for Board development and other governance priorities, including the costs of fiscal audits, Board and committee meetings, Board memberships, and district legal fees;
16. Takes into consideration fiscal soundness in future years and considers the building of organizational capabilities sufficient to achieve ends in future years;
17. Reflects anticipated changes in employee compensation including inflationary adjustments, step increases, performance increases, and benefits; and
18. Complies with state and federal law.

Standard - RI Must-haves

- The standard of measurement for one or more parts of the policy
- The level of achievement on the standard for one or more parts of the policy
- The rationale for the standard of measurement for one or more parts of the policy
- The rationale for the level of achievement on the standard for one or more parts of the policy
- Is the interpretation reasonable?

- Is the data sufficient to support compliance?

Outcome

Compliance with this Executive Limitation 15 will be achieved for 22/23 when the following measures are in the affirmative and has evidence of such:

Measure	Family of Schools/District Run Schools	Report Timing	Justification
1. Is in a summary format understandable by a lay person	Family of Schools (all schools)	August	Demonstrates compliance with Executive Limitation
2. Itemizes district expenditures by fund and by student; <ol style="list-style-type: none"> Proposed Budget Proposed Budget Financial Schedule Adopted Budget DPS Budget for Federal Stimulus due to COVID Uniform Budget summary - Adopted Budget Detailed Budget schedules School Budget for All Board Regions 	Family of Schools (all schools)	Available on the Financial Transparency Page as needed	Demonstrates compliance with Executive Limitation
3. Includes information regarding school-level expenditures. Current transparency practice includes;	District Managed Schools (not charters)	August	Demonstrates compliance with Executive Limitation
4. Adequately describes expenditures	Family of Schools (all schools)	August	Demonstrates compliance with Executive Limitation
5. Shows the amount budgeted for the current fiscal year and the amount budgeted for the ensuing fiscal year;	Family of Schools (all schools)	August	Demonstrates compliance with Executive Limitation
6. Takes into consideration spending limitations in the state constitution;	Family of Schools (all schools)	August	Demonstrates compliance with Executive Limitation
7. Is developed with the Superintendent considering the recommendations made by each school-level accountability committee (CSC) and budget advisory committee relative to priorities for expenditures of district funds;	Family of Schools (all schools)	August	Demonstrates compliance with Executive Limitation
8. Contains enough information to enable credible projection of revenue and expenses;	Family of Schools (all schools)	August	Demonstrates compliance with Executive Limitation
9. Does not excessively rely on nonrecurring revenue;	Family of Schools (all schools)	August	Demonstrates compliance with Executive Limitation
10. Discloses budget planning assumptions and includes contingency plans in the event budget assumptions prove erroneous;	Family of Schools (all schools)	August	Demonstrates compliance with Executive Limitation

11. Provides for expenditures, interfund transfers, or reserves in alignment with available revenues and beginning fund balances;	Family of Schools (all schools)	August	Demonstrates compliance with Executive Limitation
12. Includes the use of beginning fund balance, unless the Board has adopted a resolution as described in state law specifically authorizing such use;	Family of Schools (all schools)	August	Demonstrates compliance with Executive Limitation
13. Ensures the current cash reserves are not reduced without approval of the Board, at any time to less than the minimum amount required by the spending limitations set forth in the state constitution;	Family of Schools (all schools)	August	Demonstrates compliance with Executive Limitation
14. Adheres to fund balance targets outlined in policy DFB- Debt Policy.	Family of Schools (all schools)	August	Demonstrates compliance with Executive Limitation
15. Provides adequate and reasonable budget support for Board development and other governance priorities, including the costs of fiscal audits, Board and committee meetings, Board memberships, and district legal fees;	Family of Schools (all schools)	August	Demonstrates compliance with Executive Limitation
16. Takes into consideration fiscal soundness in future years and considers the building of organizational capabilities sufficient to achieve ends in future years;	Family of Schools (all schools)	August	Demonstrates compliance with Executive Limitation
17. Reflects anticipated changes in employee compensation including inflationary adjustments, step increases, performance increases, and benefits; and	Family of Schools (all schools)	August	Demonstrates compliance with Executive Limitation
18. Complies with state and federal law.	Family of Schools (all schools)	August	Demonstrates compliance with Executive Limitation

Aggregation Methodology

I will be successful if I meet 75% of the weighted targets above.

Evidence of Outcomes Achieved

Goal: Demonstrate Compliance with this Executive Limitation

August Measures

Measure	Family of Schools/District Run Schools	Compliant?
1. Is in a summary format understandable by a lay person	Family of Schools (all schools)	Yes
2. Itemizes district expenditures by fund and by student; a. Proposed Budget b. Proposed Budget Financial Schedule	Family of Schools (all schools)	Yes

<ul style="list-style-type: none"> c. Adopted Budget d. DPS Budget for Federal Stimulus due to COVID e. Uniform Budget summary - Adopted Budget f. Detailed Budget schedules g. School Budget for All Board Regions 		
3. Includes information regarding school-level expenditures. Current transparency practice includes;	District Managed Schools (not charters)	Yes
4. Adequately describes expenditures	Family of Schools (all schools)	Yes
5. Shows the amount budgeted for the current fiscal year and the amount budgeted for the ensuing fiscal year;	Family of Schools (all schools)	Yes
6. Takes into consideration spending limitations in the state constitution;	Family of Schools (all schools)	Yes
7. Is developed with the Superintendent considering the recommendations made by each school-level accountability committee (CSC) and budget advisory committee relative to priorities for expenditures of district funds;	Family of Schools (all schools)	Yes
8. Contains enough information to enable credible projection of revenue and expenses;	Family of Schools (all schools)	Yes
9. Does not excessively rely on nonrecurring revenue;	Family of Schools (all schools)	Yes
10. Discloses budget planning assumptions and includes contingency plans in the event budget assumptions prove erroneous;	Family of Schools (all schools)	Yes
11. Provides for expenditures, interfund transfers, or reserves in alignment with available revenues and beginning fund balances;	Family of Schools (all schools)	Yes
12. Includes the use of beginning fund balance, unless the Board has adopted a resolution as described in state law specifically authorizing such use;	Family of Schools (all schools)	Yes
13. Ensures the current cash reserves are not reduced without approval of the Board, at any time to less than the minimum amount required by the spending limitations set forth in the state constitution;	Family of Schools (all schools)	Yes
14. Adheres to fund balance targets outlined in policy DFB- Debt Policy.	Family of Schools (all schools)	Yes
15. Provides adequate and reasonable budget support for Board development and other governance priorities, including the costs of fiscal audits, Board and committee meetings, Board memberships, and district legal fees;	Family of Schools (all schools)	Yes
16. Takes into consideration fiscal soundness in future years and considers the building of organizational capabilities sufficient to achieve ends in future years;	Family of Schools (all schools)	Yes
17. Reflects anticipated changes in employee compensation including inflationary adjustments, step increases, performance increases, and benefits; and	Family of Schools (all schools)	Yes

18. Complies with state and federal law.	Family of Schools (all schools)	Yes
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Summary

The district is compliant with all aspects of EL-15 within this monitoring report.

District Budget Documents:

- Proposed Budget, including financial schedules, Adopted Budget, Uniform Budget Summary, detailed budget schedules, and school budget one-pagers for all Board regions all posted on the [Financial Transparency website](#).
- DPS budget for Federal stimulus included in Proposed Budget and separately posted on the dpsk12.org/stimulus website.
- The budget description of expenditures is included in the budget detail. Uniform Budget Summary posted on the [Financial Transparency website](#) and demonstrates alignment with spending limitations in the state constitution in maintaining the required TABOR reserve. Proposed Budget, Adopted Budget and Financial State of the District disclose assumptions, as well as discussing upside and downside risks to the 5 year forecast.

School Budgets:

- Individual schools develop their school budgets in collaboration with their Collaborative School Committees; recommendations from the Budget Advisory Committee are presented in the proposed budget as part of the Budget Guiding Principles for the budget cycle.
- Proposed budget details out budgeting assumptions around revenue and expense. Uniform Budget Summary provides total budgets by program and account, as well as showing projected funded count, to allow for per pupil calculations to be made for comparison.

Non-recurring Revenue:

- The district is in our final year of stimulus funding.
- Excluding this funding source, ~8% of our annual expense is funded by grants. Of this, two-thirds are from recurring grants like Title I and IDEA. Less than 3% of our annual recurring expense budget is funded from non-recurring revenue.

Fund Balance:

- Our adopted budget includes a use of fund balance that is less than 1% of total general fund revenue, while still maintaining all of the statutorily required reserves.
- Our adopted budget resolutions include a Use of Fund Balance resolution that was passed by the Board in June 2023. Our adopted budget and uniform budget summary show that the district has reserve levels that exceed all of the statutory requirements.
- The target fund balance target is 10% of annual expenses; the proposed budget identifies this target and the long term financial health of the district is managed against those targets

Department Budgets:

- Individual department budgets are developed with department leaders, including a budget for the Board of Education that allows for development and memberships.
- Also included across the district department budgets are costs for the annual fiscal audit and district legal fees.

Forecasts:

- Our 5 year forecast, which is discussed in January (Financial State of the District), May (Proposed Budget) and June (Adopted Budget), takes into account known organizational initiatives and demonstrates the financial stability of the district in future years if no decisions are made and things continue on with the status quo.
- The Proposed Budget details that our 5 year forecasts include compensation adjustments based on inflation and active bargaining agreements.

Additional Resources

None.

Explanatory notes for preparing a monitoring report

Non-compliance:

N/A