

ACADEMY 20 BOARD OF EDUCATION
January 18, 2018

Subject: Monthly Financial Report through December 2017

Recommended Action: Discussion.

Background: Colorado Revised Statute (CRS) 22-45-102(b) identifies that the Board of Education will review the financial condition of the district at least quarterly during the fiscal year. The district's finance department provides the Board of Education monthly reports with budget to actual data and prior year comparative data. In addition to the monthly data, the quarterly reports provide fund balance projections as required by statute.

Reference to Governing Policy:

Policy 2.4.10 Financial Condition & Activities

Policy 2.6.7 Financial Planning & Budgeting

Submitted by: Submitted by Tom Gregory, Deputy Superintendent/CFO and Dr. Mark Hatchell, Superintendent

Date: January 5, 2018



MEMORANDUM

TO: Dr. Mark Hatchell, Superintendent
Board of Education

FROM: Tom Gregory, Deputy Superintendent/CFO

DATE: January 5, 2018

SUBJECT: December Financial Report

REVENUES

Graph #1 and Table #1 show that through December we have collected about 29.8% of budgeted revenue with the majority from state equalization. The district's major revenue sources include state equalization, property tax and vehicle ownership tax. At this time last year, the revenue collection percentage was about 29.2%. The variance in the year-over-year percentages is due mainly to the increases in state equalization and fund balance. Graph #2, illustrates the monthly comparisons between last fiscal year and the current fiscal year. An important note about this graph is that it shows a straight-line trend in revenue collections through February and then large jumps in March through June for FY2017. It is in these months that the majority of property taxes are paid to the district. Collections for FY2018 should follow a similar trend each month during the year.

EXPENDITURES

General Fund year-to-date expenditures compared to budget are shown in graphs #3, 4 & 5 as well as in Table #1. Graph #3 shows that with 6 months of the year complete (50.0%), spending, which includes total appropriation, is at 43.9%. There are several items that contribute to the spending percentage at this time of the year.

- 1) The full transfer amounts were made to the Capital Reserve Capital Projects (CRCP), Transportation and Technology Funds in the month of July
- 2) teacher salaries for July and August are paid from their 2016-2017 salary schedule and will require an accrual for July and August 2018, so their salaries are lower as a percentage of budget spent than the other job classifications
- 3) New teachers added to the payroll for this school year received their first paycheck in August with their pay divided over 13 months instead of 12 months
- 4) Many of the purchased services contracts are front-loaded with the entire 2017-2018 services billed and paid early in the year.
- 5) A significant portion of the reserves (including TABOR) are unspent.

Costs included in the Major Program Categories reported in Graph #4 are defined below.

Instruction, Student & Staff Support and Site Management includes:

- all instructional, co-curricular and extracurricular programs
- all pupil support programs (counseling, social work, nursing, etc.)
- all staff support programs (library /media, staff development, and instructional program supervision
- the office of the principal and school office staff

Charter Schools include the direct flow through payments required by charter contracts

School Support includes custodians, crossing guards, maintenance and utilities

District Admin includes:

- the office of the superintendent and board of education
- business services (finance and budget, payroll, accounting, purchasing and warehouse)
- public information services
- human resources

Reserves include:

- TABOR 3% emergency reserve
- Encumbrance and carryover reserves
- Unassigned reserves

Year-to-date expenditures, excluding reserves, of (50.7%) seem high when compared to last year (49.2%), but Midyear modifications to Transfers skew this percentage. Prior year Transfers reflect a final budget compared to the actual amount from the adopted budget, which skews the percentage total downward. Graph #5 compares the year-to-date expenditure between last fiscal year and the current fiscal year. As shown in the graph, our expenditure trend for FY2017 was virtually a straight line. The trend for FY2018 should follow a very similar pattern.

Table #1 of the report compares General Fund original budget, adjusted budget, year-to-date actual and variance information for FY2017-2018 revenues and expenditures to FY2016-2017. Budget information presented for FY2016-2017 includes all adjustments for the Midyear modification as well as contingency reserve transfers made during the year.

Table #2 discloses quarterly financial information on funds in addition to the General Fund. Total Resources includes Beginning Fund Balances, Revenue, and Transfers; Total Appropriation includes Expenditures, Transfers and Ending Fund Balances.

CASH and INVESTMENTS

Graph #6 compares last fiscal year's total resources and expenditures from operations by month. As shown in this graph, expenditures exceeded resources by January 2017. The main reasons were due to the property taxes not collected until the spring 2017 and that the full transfers are made to the CRCP, Transportation and Technology Funds in July 2016. It is important to note that in March 2017, total resources for the year exceed total

expenditures. This is a common trend based on our property tax collection cycle.

Graph #7 is similar to Graph #6 but it compares the current year resources and expenditures from operations by month. In FY2009-2010 expenditures exceeded resources by the end of September 2009, this stretched to November 2010 in FY2010-2011, remained at November in FY2011-2012 and moved again to January 2013 in FY2012-2013 because of the District's healthier cash position over the years, as evidenced in Graph #8 titled "Cash & Investments Available to Meet Operating Needs". Given our current operations, our cash flow should follow a very similar pattern as last year.

On Table #1 the line titled "Total Resources Over (Under) Total Expenditures" shows our cash flow position from operations with a comparison between fiscal years. This amount represents the total of revenues received net of expenditures paid and does not represent the total cash balances on hand to pay for operations.

Given legislative requirements for the state cash flow loan program, the district is not eligible to participate this year. Cash flows for the last sixteen fiscal years were such that we did not borrow funds from any external source. On June 15, 2017 the Board passed interfund borrowing resolution 177-17 for fiscal year 2017-2018. The resolution permits the district to use unencumbered cash balances in other funds, excluding debt service funds, on a short term basis to fund district operations. Cash balance requirements and availability of other funds was closely monitored during the year in order to manage the cash flow needs of the district.

Investment information for the General Fund and the Bond Redemption Fund and the Building Fund is illustrated in the following table. There are three important items to note related to this table.

1st, the Colotrust balance for the General Fund Account provides operating cash flow until consumed, at which time other bank balances would be accessed pursuant to the interfund borrowing resolution. The district's TABOR 3% emergency reserve is in a separate account to comply with C.R.S. 22-44-105 and has been set as required by the June 30, 2017 audited fund balance. The TABOR balance was updated in November, after the audited financial statements were complete.

2nd, C.R.S. 22-44-103 requires the district to use a 3rd party bank trust department, with offices in Colorado, to oversee the property taxes collected for the district's Bond Redemption Fund, which is used to accumulate funds for debt payments in June and December. This statute permits the district to direct investments within the trust account. Wells Fargo Bank has been designated as the trustee, and has been directed to place available funds with Colotrust for investment. Wells Fargo Bank transferred \$20,196,688, the required amounts for December principal and interest payments, to our bond paying agents.

3rd, the Series 2017 bond proceeds of \$160,000,000 plus premium was deposited in a separate Colotrust Building Fund account and will be invested to meet cash flow requirements of the various approved and budgeted projects, in accordance with the Colorado Public Deposit Protection Act (C.R.S. 11-10.5). Building Fund expenditure detail is presented separately each month.

Investments	Dec-17	Nov-17	Oct-17	Sep-17	Aug-17
General Fund Account					
Colostrust	46,138,106	53,554,998	57,047,610	60,877,006	66,736,563
Total General Fund	46,138,106	53,554,998	57,047,610	60,877,006	66,736,563
TABOR Account					
Colostrust	5,626,000	5,626,000	5,387,000	5,387,000	5,387,000
Total TABOR	5,626,000	5,626,000	5,387,000	5,387,000	5,387,000
Bond Redemption Account					
Wells Fargo - Colostrust	6,328,958	26,507,274	26,385,240	26,348,752	26,239,256
Total Bond Redemption	6,328,958	26,507,274	26,385,240	26,348,752	26,239,256
Building Fund Accounts					
Colostrust (proceeds)	160,309,068	164,932,479	169,560,978	172,299,788	174,360,290
Colostrust (interest)	1,877,834	1,685,558	1,506,499	1,321,666	1,144,193
Total Building Fund	162,186,902	166,618,037	171,067,477	173,621,454	175,504,483
Total Investments	\$220,279,966	\$252,306,309	\$259,887,327	\$266,234,212	\$273,867,302

Tax collections from the county treasurer are deposited directly with Wells Fargo Bank for the Bond Redemption Fund and to Colostrust for the General Fund. Collections from state aid are deposited directly into the Chase district checking account. Periodically, as operating funds are needed, electronic transfers are initiated to move funds from Colostrust into the Chase account.

PROJECTED FUND BALANCE

This is the second quarterly projection for the June 30, 2018 fund balance. There are 4 components used in this fund balance projection:

- 1) the audited fund balance from the prior year,
- 2) an assumed revenue collections percentage,
- 3) assumed expenditure percentages,
- 4) the projected increase in the TABOR reserve.

The audit for FY2016-2017 has been completed and was delivered to the Board in November 2017. The audited unassigned fund balance is \$31,543,424. This amount reflects an increase of \$2,908,143 over June 30, 2016.

Projections for actual revenue and expenditures are based on assumptions until all activity in the fiscal year is completed and audited. At this time, although revenues have exceeded budgets in prior years, the most conservative approach for the FY2017-2018 projection is to assume revenues will be 100% of adopted budget. The averages of FY2012 through FY2017 year-to-date expenditures as a percentage of audited year-end expenditures were used for the projected fund balance calculation.

Using these assumptions, the June 30, 2018 fund balance projection shows an increase of approximately \$4.5m in unassigned fund balance. As the year goes on, actual activity will be used to modify and refine the projection. The actual activity for the next quarter may be used to modify the fund balance projection used in the 2018-2019 adopted budget.

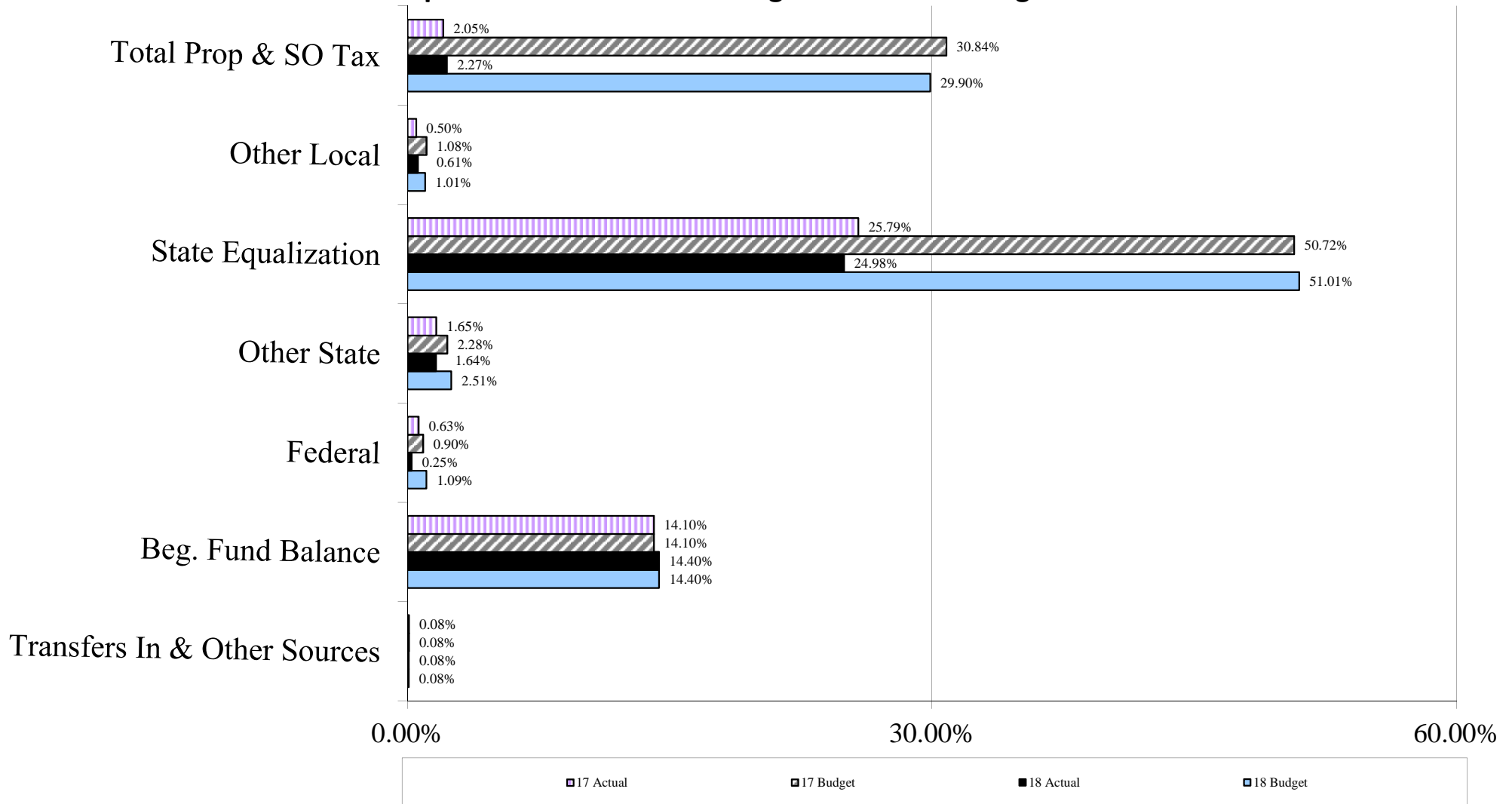
December 2017

General Fund

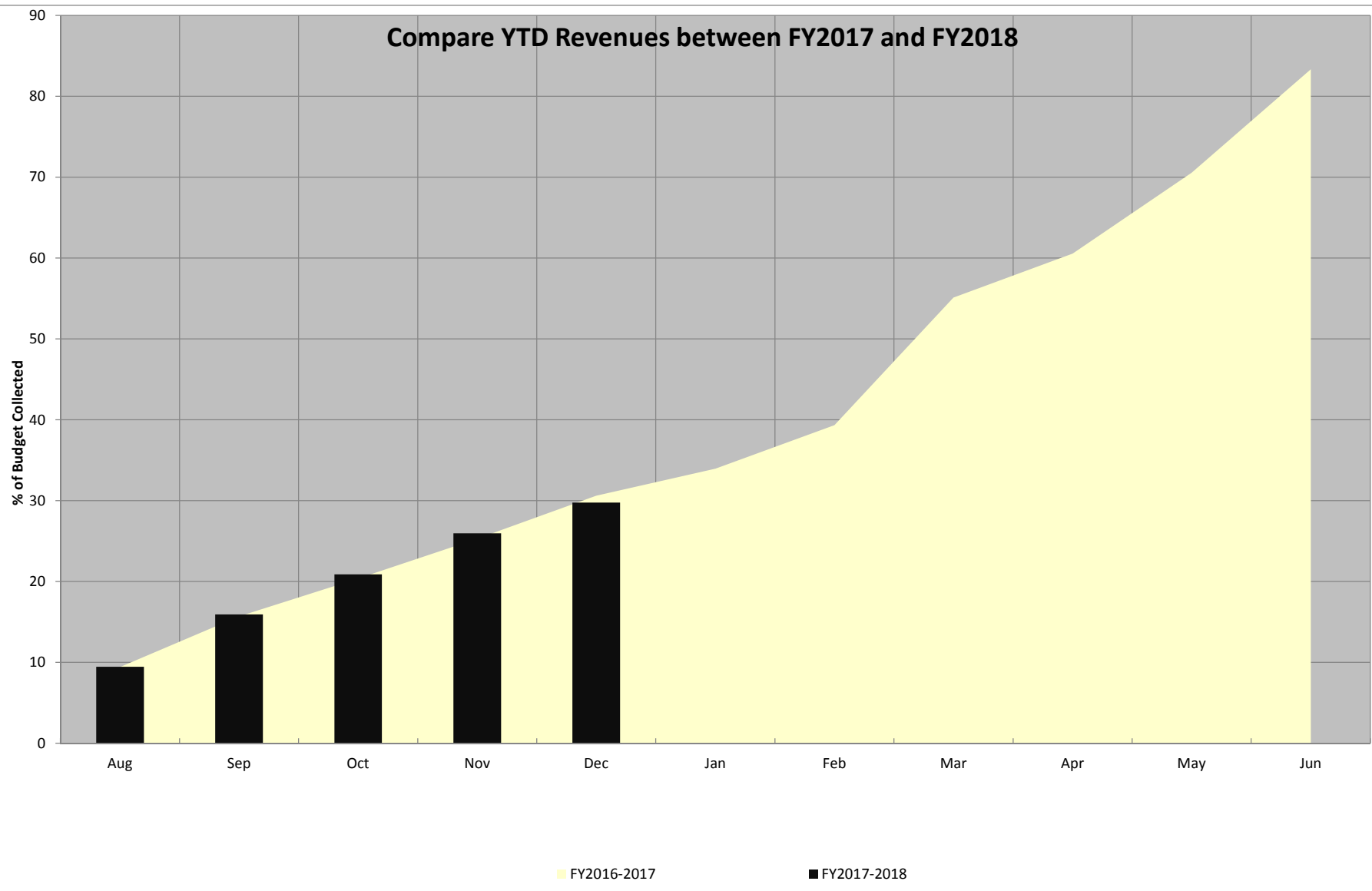
Financial Report

General Fund Major Revenue Categories

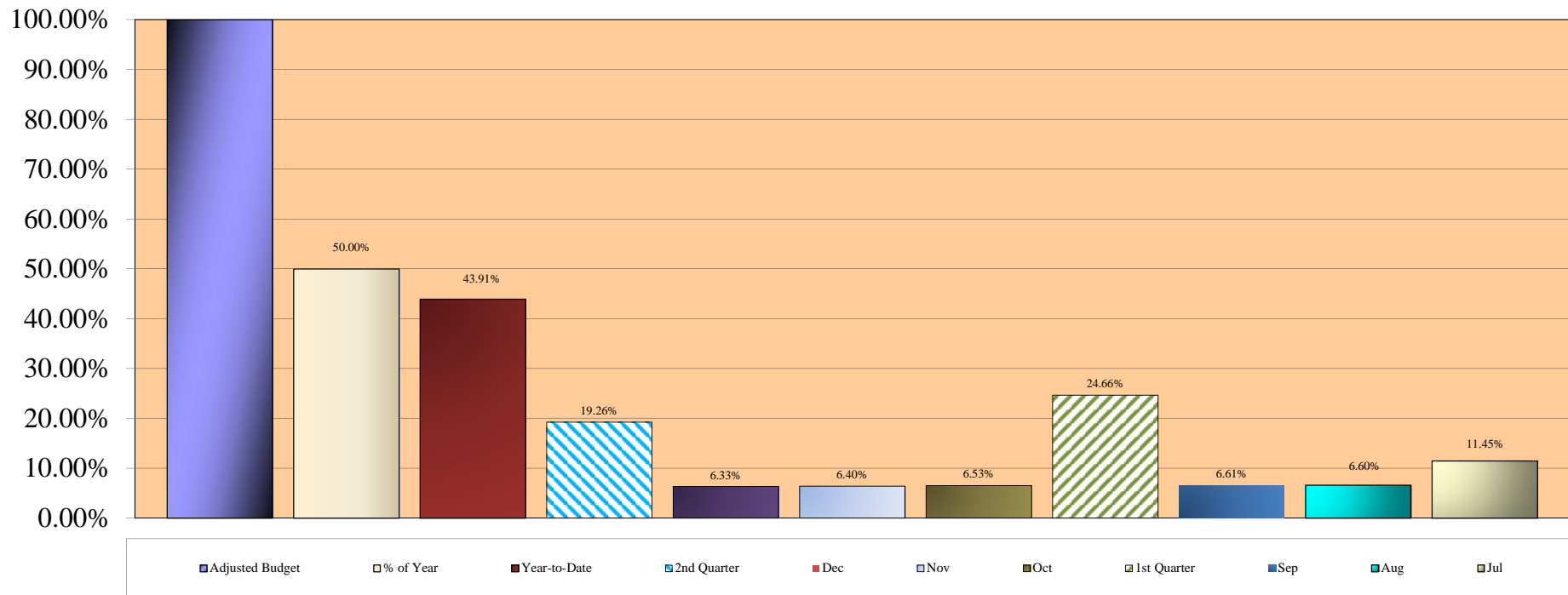
Year-to-Date Budget to Actual through December 2017 Compared to Year-to-Date Budget to Actual through December 2016



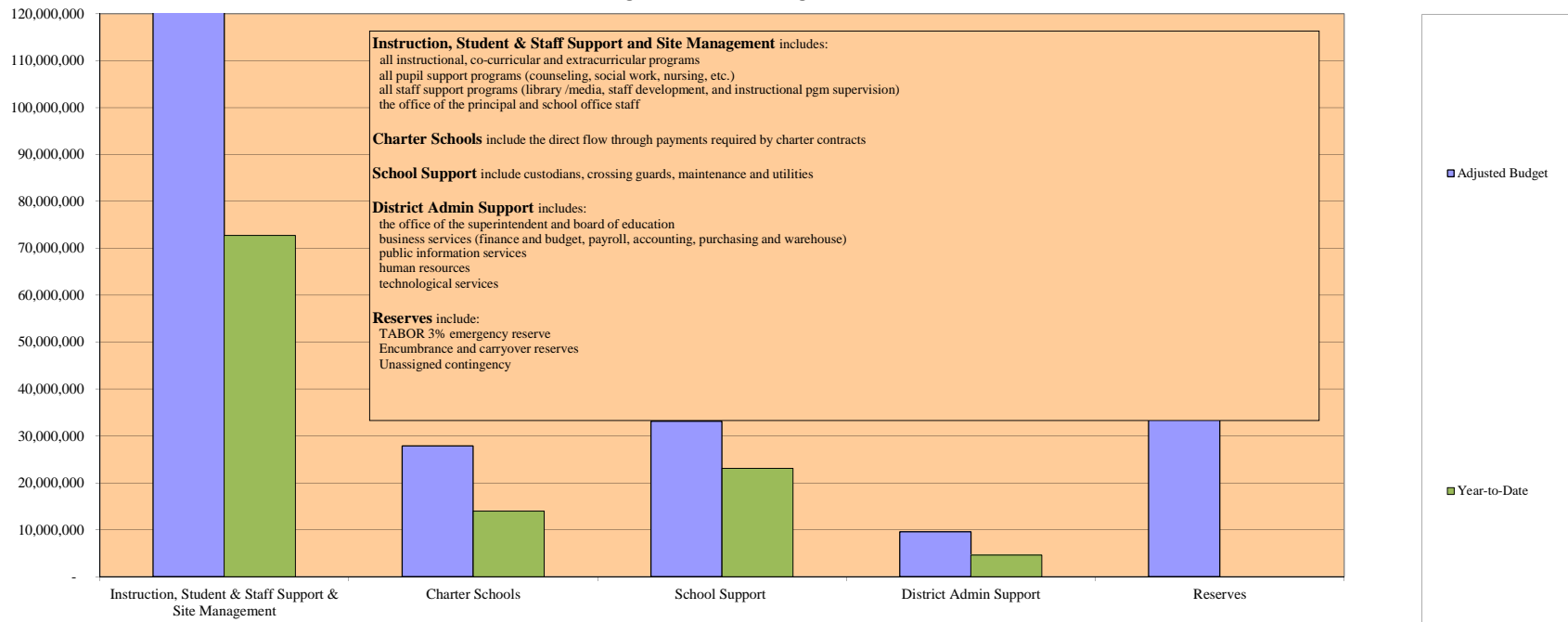
Compare YTD Revenues between FY2017 and FY2018



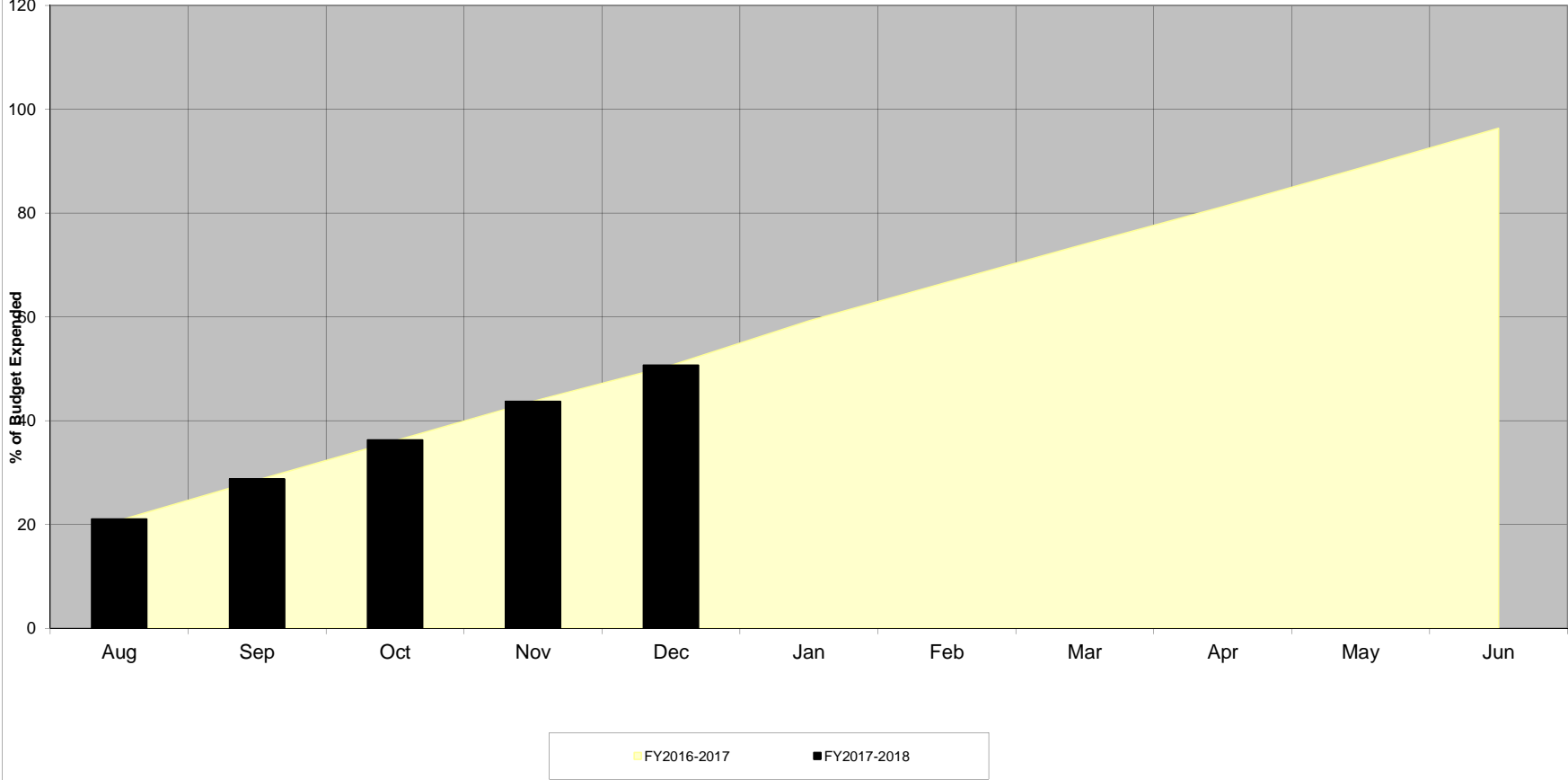
General Fund Total Expenditures Budget to Actual Comparison by Month and Year-to-Date - Unaudited



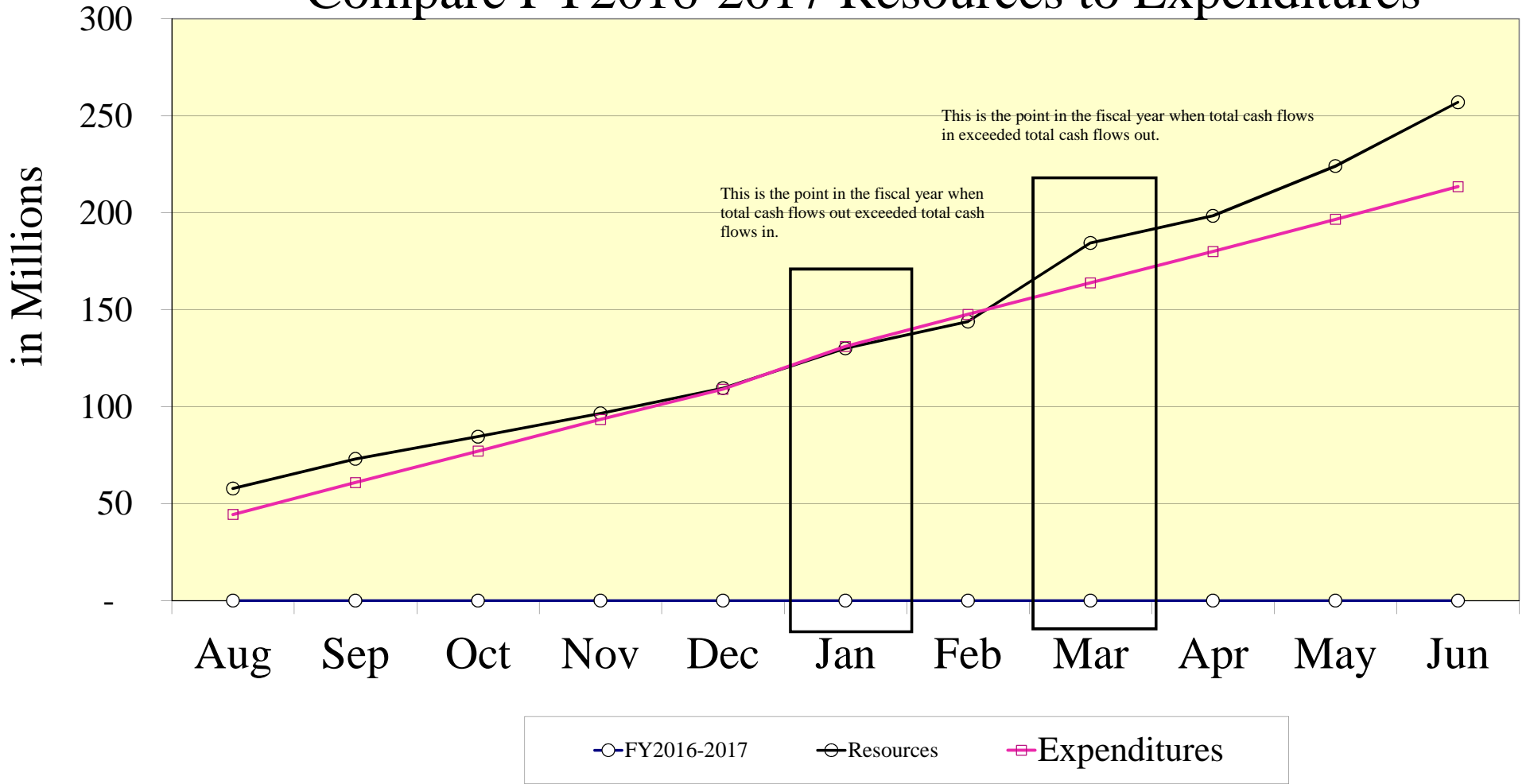
**General Fund Expenditures Budget To Actual by Major Program Category
Year-to-Date Budget to Actual through December 2017**



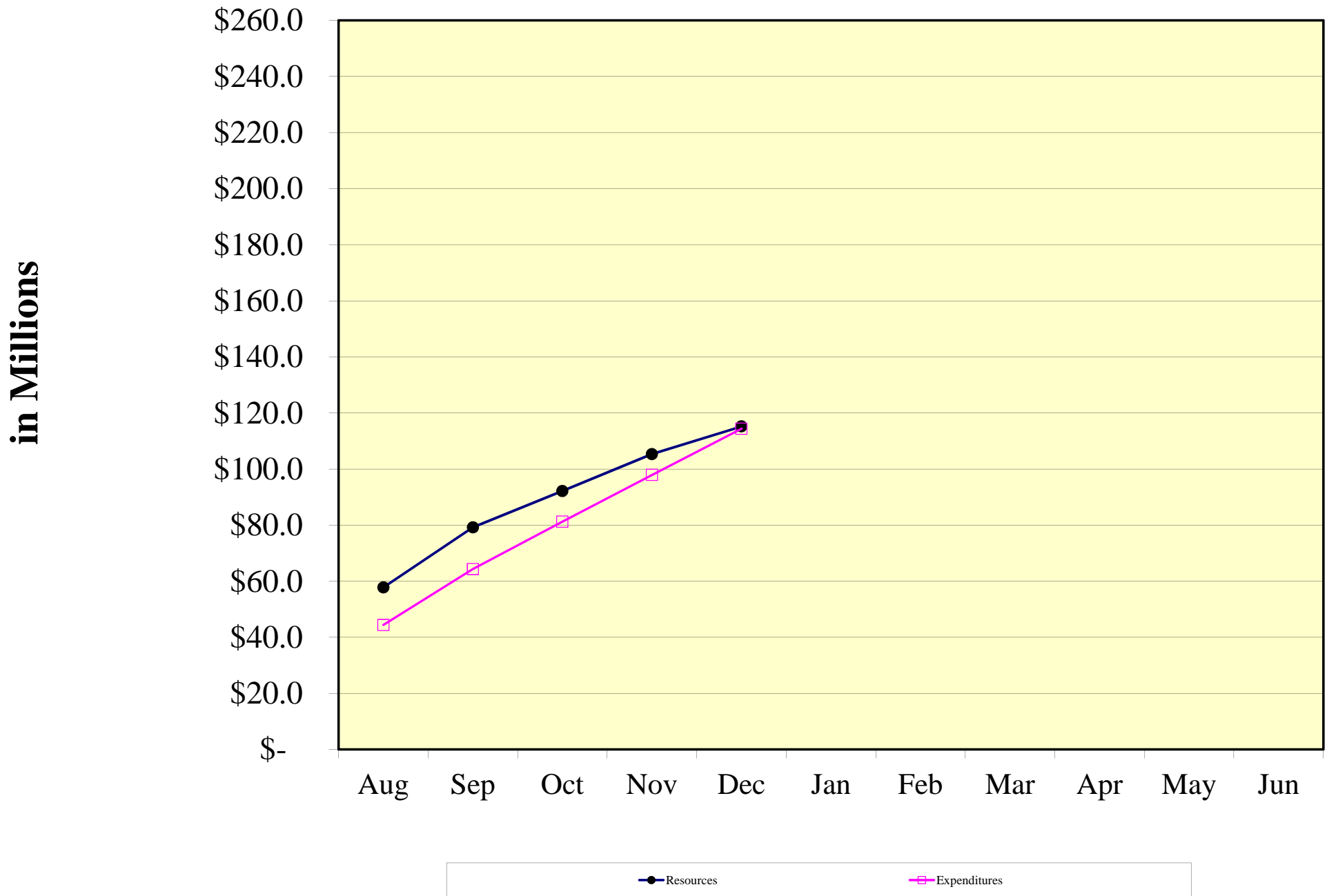
Compare YTD Expenditures between FY2017 and FY2018



Compare FY2016-2017 Resources to Expenditures

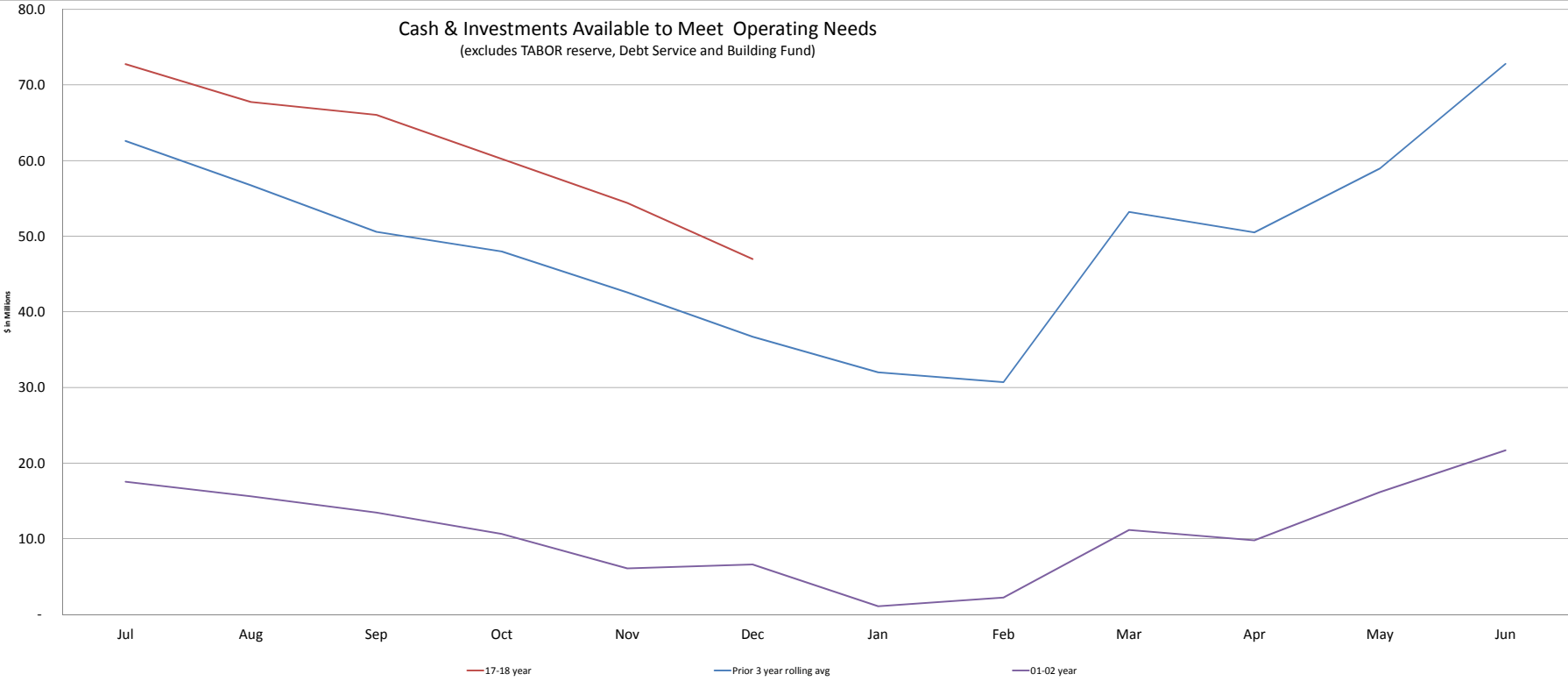


Compare FY 2017-2018 Resources to Expenditures



Cash & Investments Available to Meet Operating Needs

(excludes TABOR reserve, Debt Service and Building Fund)



General Fund
Operating Summary by Object
Year to Date through December 2017
Percent of Year Completed - 50.0%

	Adjusted Budget	Actual	% of Actual Revenue to Adjusted Budget	Variance Adjusted Budget to Actual	% of Budget	FY2017 Budget	Final	FY2017 Actual	Variance Adjusted Budget to Actual	FY2016 % of Budget
Local Revenue	\$80,542,125	\$7,504,757	9.32%	(\$73,037,368)	2.88%	\$78,505,546	\$6,252,875	(\$72,252,671)	2.43%	
State Revenue	139,418,907	69,356,504	49.75%	(70,062,403)	26.62%	132,715,328	67,151,377	(65,563,951)	26.14%	
Federal Revenue	2,850,000	646,917	22.70%	(2,203,083)	0.25%	2,850,000	1,548,474	(1,301,526)	0.60%	
Total Revenue Budget	222,811,032	77,508,178	34.79%	(145,302,854)	29.75%	214,070,874	74,952,726	(139,118,148)	29.17%	
Fund Balance & Transfers	37,715,457	37,715,457		0	14.48%	42,864,125	34,707,202	(8,156,923)	13.51%	
Total Revenue & Fund Balance	\$260,526,489	\$115,223,635		(\$145,302,854)	44.23%	\$256,934,999	\$109,659,928	(\$147,275,071)	42.68%	
Object and Job Class										
Administrators										
Salaries	\$12,262,390	\$5,981,538		\$6,280,852	48.78%	\$11,550,220	\$5,706,136	\$5,844,084	49.40%	
Benefits	3,049,070	1,477,225		1,571,845	48.45%	2,879,690	1,388,213	1,491,477	48.21%	
Subtotal	15,311,460	7,458,763		7,852,697	48.71%	14,429,910	7,094,349	7,335,561	49.16%	
Teachers										
Salaries	86,784,240	40,954,980		45,829,260	47.19%	82,869,907	39,885,780	42,984,127	48.13%	
Benefits	23,083,653	11,128,119		11,955,534	48.21%	22,329,902	10,599,675	11,730,227	47.47%	
Subtotal	109,867,893	52,083,099		57,784,794	47.41%	105,199,809	50,485,455	54,714,354	47.99%	
Non-teaching Professionals										
Salaries	1,942,848	965,251		977,597	49.68%	2,078,302	1,049,549	1,028,753	50.50%	
Benefits	503,615	276,736		226,879	54.95%	608,211	278,133	330,078	45.73%	
Subtotal	2,446,463	1,241,987		1,204,476	50.77%	2,686,513	1,327,682	1,358,831	49.42%	
Paraprofessionals										
Salaries	7,417,390	3,348,856		4,068,534	45.15%	6,885,973	3,168,582	3,717,391	46.02%	
Benefits	2,354,399	1,112,732		1,241,667	47.26%	2,487,135	1,019,758	1,467,377	41.00%	
Subtotal	9,771,789	4,461,588		5,310,201	45.66%	9,373,108	4,188,340	5,184,768	44.68%	
Office & Admin Support										
Salaries	6,803,383	3,256,518		3,546,865	47.87%	6,601,683	3,156,056	3,445,627	47.81%	
Benefits	1,996,764	988,533		1,008,231	49.51%	2,070,368	939,669	1,130,699	45.39%	
Subtotal	8,800,147	4,245,051		4,555,096	48.24%	8,672,051	4,095,725	4,576,326	47.23%	
Skilled Trades										
Salaries	7,566,400	3,558,355		4,008,045	47.03%	6,602,499	3,250,596	3,351,903	49.23%	
Benefits	2,266,490	1,100,805		1,165,685	48.57%	2,098,650	964,234	1,134,416	45.95%	
Subtotal	9,832,890	4,659,160		5,173,730	47.38%	8,701,149	4,214,830	4,486,319	48.44%	
Total Salaries & Benefits										
Salaries	122,776,651	58,065,498		64,711,153	47.29%	116,588,584	56,216,699	60,371,885	48.22%	
Benefits	33,253,991	16,084,150		17,169,841	48.37%	32,473,956	15,189,682	17,284,274	46.77%	
Subtotal	156,030,642	74,149,648		81,880,994	47.52%	149,062,540	71,406,381	77,656,159	47.90%	

General Fund
Operating Summary by Object
Year to Date through December 2017
Percent of Year Completed - 50.0%

	Adjusted Budget	Actual	% of Actual Revenue to Adjusted Budget	Variance Adjusted Budget to Actual	% of Budget	FY2017 Budget	Final Actual	FY2017 Actual	Variance Adjusted Budget to Actual	FY2016 % of Budget
Non-Salaries										
Purchased Professional & Technical Services	3,812,304	1,876,215		1,936,089	49.21%	2,815,937	1,739,136	1,076,801	61.76%	
Purchased Property Services	2,957,870	1,524,687		1,433,183	51.55%	4,100,860	1,876,826	2,224,034	45.77%	
Other Purchased Services	8,038,044	3,269,267		4,768,777	40.67%	7,667,297	3,017,834	4,649,463	39.36%	
Subtotal	14,808,218	6,670,169		8,138,049	45.04%	14,584,094	6,633,796	7,950,298	45.49%	
Supplies	11,849,575	4,848,037		7,001,538	40.91%	11,370,331	4,169,407	7,200,924	36.67%	
Equipment	314,779	313,237		1,542	99.51%	673,314	383,891	289,423	57.02%	
Other Expenses	739,859	386,101		353,758	52.19%	555,554	362,747	192,807	65.29%	
Subtotal	12,904,213	5,547,375		7,356,838	42.99%	12,599,199	4,916,045	7,683,154	39.02%	
Subtotal Expenditure Accounts	183,743,073	86,367,192		97,375,881	47.00%	176,245,833	82,956,222	93,289,611	47.07%	
Transfer - Charter Schools	27,918,409	13,963,494		13,954,915	50.02%	27,132,214	13,339,764	13,792,450	49.17%	
Transfer - CRCP Fund	2,777,875	2,777,875		0	100.00%	7,954,039	2,677,750	5,276,289	33.67%	
Transfer - Transportation Fund	5,340,230	5,340,230		0	100.00%	5,106,180	5,106,180	0	100.00%	
Transfer - Technology Fund	5,960,925	5,960,925		0	100.00%	5,242,475	5,054,475	188,000	96.41%	
Subtotal	41,997,439	28,042,524		13,954,915	66.77%	45,434,908	26,178,169	19,256,739	57.62%	
Total Expenditure Accounts & Transfers/Allocations	225,740,512	114,409,716		111,330,796	50.68%	221,680,741	109,134,391	112,546,350	49.23%	
TABOR Reserve	5,387,000	0		5,387,000	0.00%	5,387,000	0	5,387,000	0.00%	
Contingency & Other Reserves	6,069,977	0		6,069,977	0.00%	5,498,132	0	5,498,132	0.00%	
Reserve for encumbrance & unanti	23,329,000	0		23,329,000	0.00%	24,369,126	0	24,369,126	0.00%	
Subtotal	34,785,977	0		34,785,977	0.00%	35,254,258	0	35,254,258	0.00%	
Total Appropriated Budget	\$260,526,489	\$114,409,716		\$146,116,773	43.91%	\$256,934,999	\$109,134,391	\$147,800,608	42.48%	
Total Resources Over (Under)										
Total Expenditures		\$813,919					\$525,537			

	Unassigned	Restricted/Assigned	Total
July 1, 2017 Audited Fund Balance (FB)	\$ 31,543,424	\$ 13,278,880	\$ 44,822,304
Projected Revenues	222,811,032	-	222,811,032
Projected Expenditures	(218,118,136)	-	(218,118,136)
January Longevity Payouts			
Estimate for Unspent School Carryover			
Net Increase in TABOR Restrictions	(240,000)	240,000	-
Projected June 30, 2018 Unassigned FB	\$ 35,996,320	\$ 13,518,880	\$ 49,515,200
Projected Change in Unassigned Fund Balance	\$ 4,452,896	\$ 240,000	\$ 4,692,896

Academy District 20
 Budget to Actual Comparisons 2017-2018 and Prior Year 2016-2017
 as of December 31, 2017

Results as of end of quarter:	2017-2018				Results as of end of quarter:	2016-2017					
	Adopted Budget	YTD Actual	YTD Variance	% Spent		Adopted Budget	YTD Actual	YTD Variance	% Spent		
General (10)	Total Resources	260,526,489	115,223,635	141,711,364	44.8%	General (10)	Total Resources	244,760,333	109,659,928	135,100,405	44.8%
	Total Expenditures	260,526,489	114,409,716	142,525,283	44.5%		Total Expenditures	244,760,333	109,134,391	135,625,942	44.6%
	Surplus (deficit)	-	813,919	(813,919)			Surplus (deficit)	-	525,537	(525,537)	
Food Service (21)	Total Resources	5,744,771	3,091,162	2,583,609	54.5%	Food Service (21)	Total Resources	5,413,468	2,976,133	2,437,335	55.0%
	Total Expenditures	5,744,771	2,304,110	3,370,661	40.6%		Total Expenditures	5,413,468	2,337,544	3,075,924	43.2%
	Surplus (deficit)	-	787,052	(787,052)			Surplus (deficit)	-	638,589	(638,589)	
Designated Purpose Grants (22)	Total Resources	7,400,000	2,022,690	5,477,310	27.0%	Designated Purpose Grants (22)	Total Resources	7,500,000	2,267,718	5,232,282	30.2%
	Total Expenditures	7,400,000	2,102,623	5,397,377	28.0%		Total Expenditures	7,500,000	2,245,774	5,254,226	29.9%
	Surplus (deficit)	-	(79,933)	79,933			Surplus (deficit)	-	21,944	(21,944)	
Transportation (25)	Total Resources	9,450,434	9,372,792	(112,938)	101.2%	Transportation (25)	Total Resources	8,789,392	8,854,529	(65,137)	100.7%
	Total Expenditures	9,450,434	3,813,098	5,446,756	41.2%		Total Expenditures	8,789,392	3,624,142	5,165,250	41.2%
	Surplus (deficit)	-	5,559,694	(5,559,694)			Surplus (deficit)	-	5,230,387	(5,230,387)	
Bond Redemption (31)	Total Resources	49,007,105	26,527,644	20,367,890	56.6%	Bond Redemption (31)	Total Resources	42,530,196	26,222,058	16,308,138	61.7%
	Total Expenditures	49,007,105	20,198,688	26,696,846	43.1%		Total Expenditures	42,530,196	15,981,613	26,548,583	37.6%
	Surplus (deficit)	-	6,328,956	(6,328,956)			Surplus (deficit)	-	10,240,445	(10,240,445)	
Building (41)	Total Resources	153,568,929	181,155,575	2,610,854	98.6%	Building (41)	Total Resources	-	-	-	0.0%
	Total Expenditures	153,568,929	18,884,635	164,881,794	10.3%		Total Expenditures	-	-	-	0.0%
	Surplus (deficit)	-	162,270,940	(162,270,940)			Surplus (deficit)	-	-	-	
CRCP (43)	Total Resources	7,514,412	11,154,293	1,298,340	89.6%	CRCP (43)	Total Resources	5,679,557	7,104,804	(1,425,247)	125.1%
	Total Expenditures	7,514,412	4,758,010	7,694,623	38.2%		Total Expenditures	5,679,557	2,500,463	3,179,094	44.0%
	Surplus (deficit)	-	6,396,283	(6,396,283)			Surplus (deficit)	-	4,604,341	(4,604,341)	
Technology (44)	Total Resources	15,166,618	15,055,245	70,223	99.5%	Technology (44)	Total Resources	14,072,587	13,656,884	415,703	97.0%
	Total Expenditures	15,166,618	4,776,467	10,349,001	31.6%		Total Expenditures	14,072,587	4,291,731	9,780,856	30.5%
	Surplus (deficit)	-	10,278,778	(10,278,778)			Surplus (deficit)	-	9,365,153	(9,365,153)	