

ACADEMY 20 BOARD OF EDUCATION
January 19, 2017

Subject: Monthly Financial Report through December 2016.

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 10, 2017



MEMORANDUM

TO: Dr. Mark Hatchell, Superintendent
Board of Education

FROM: Tom Gregory, Deputy Superintendent/CFO

DATE: January 10, 2017

SUBJECT: December Financial Report

REVENUES

Graph #1 and Table #1 show that through December we have collected about 30.6% 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 28.8%. 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 FY2016. It is in these months that the majority of property taxes are paid to the district. Collections for FY2017 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 44.6%. 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 2015-2016 salary schedule and will require an accrual for July and August 2017 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 2016-2017 services billed and paid early in the year.

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 include 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
- technological services

Reserves include:

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

Year-to-date expenditures, excluding reserves, of (50.6%) are comparable to last year (50.2%). 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 FY2016 was virtually a straight line. The trend for FY2017 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 FY2016-2017 revenues and expenditures to FY2015-2016. Budget information presented for FY2015-2016 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 2016. The main reasons were due to the full transfers made to the CRCP, Transportation and Technology Funds in July 2015 and property taxes not collected until the spring 2016. It is important to note that in March 2016, 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 ten fiscal years were such that we did not borrow funds from any external source. On June 16, 2016 the Board passed interfund borrowing resolution 171-16 for fiscal year 2016-2017. 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. We will very closely monitor the cash balance requirements and availability of other funds 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 is illustrated in the following table. There are two 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 will be set as required by the June 30, 2015 audited fund balance.

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 \$15,979,614, the required amounts for December principal and interest payments, to our bond paying agents.

Investments	Dec-16	Nov-16	Oct-16	Sep-16	Aug-16
General Fund Account					
Colotrust	41,000,501	43,765,308	47,355,033	50,859,865	58,981,561
Total General Fund	41,000,501	43,765,308	47,355,033	50,859,865	58,981,561
TABOR Account					
Colotrust	5,387,000	5,387,000	5,132,000	5,132,000	5,132,000
Total TABOR	5,387,000	5,387,000	5,132,000	5,132,000	5,132,000
Bond Redemption Account					
Wells Fargo - Colotrust	10,240,446	26,214,946	26,095,307	26,029,801	25,957,690
Total Bond Redemption	10,240,446	26,214,946	26,095,307	26,029,801	25,957,690
Total Investments	\$56,627,947	\$75,367,254	\$78,582,340	\$82,021,666	\$90,071,251

Tax collections from the county treasurer are deposited directly with Wells Fargo Bank for the Bond Redemption Fund and to Colotrust 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 Colotrust into the Chase account.

PROJECTED FUND BALANCE

This is the second quarterly projection for the June 30, 2017 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 FY2015-2016 has been completed and was delivered to the Board in November 2016. The audited unassigned fund balance is \$28,635,281, the same amount as was identified in the September quarterly financial statements. This amount reflects an increase of \$3,930,571 over June 30, 2015.

Projections for actual revenue and expenditures are based on assumptions until all activity in the fiscal year is completed and audited. The assumptions for revenues and expenditures are derived from the actual activity from the prior year. At this time the assumed revenues for FY2016-2017 are expected to be 100.0% of adopted budget and non-salary/benefit expenditures are projected at 90.0%, a conservative estimate based on the 88% actual percentage in FY2015-2016.

Using these assumptions, the June 30, 2017 fund balance projection shows an increase of approximately \$1.4m 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 2017-2018 adopted budget.

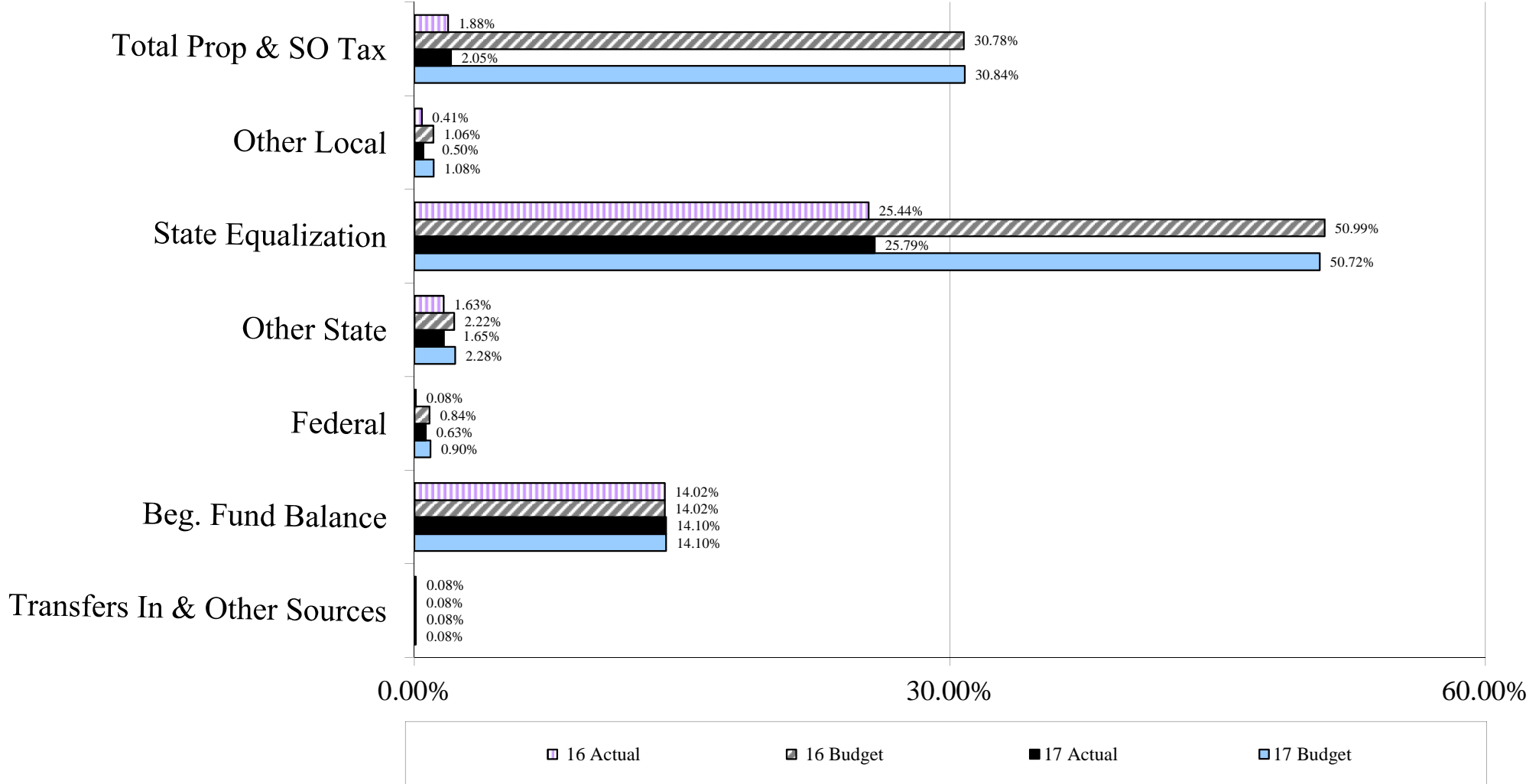
December 2016

General Fund

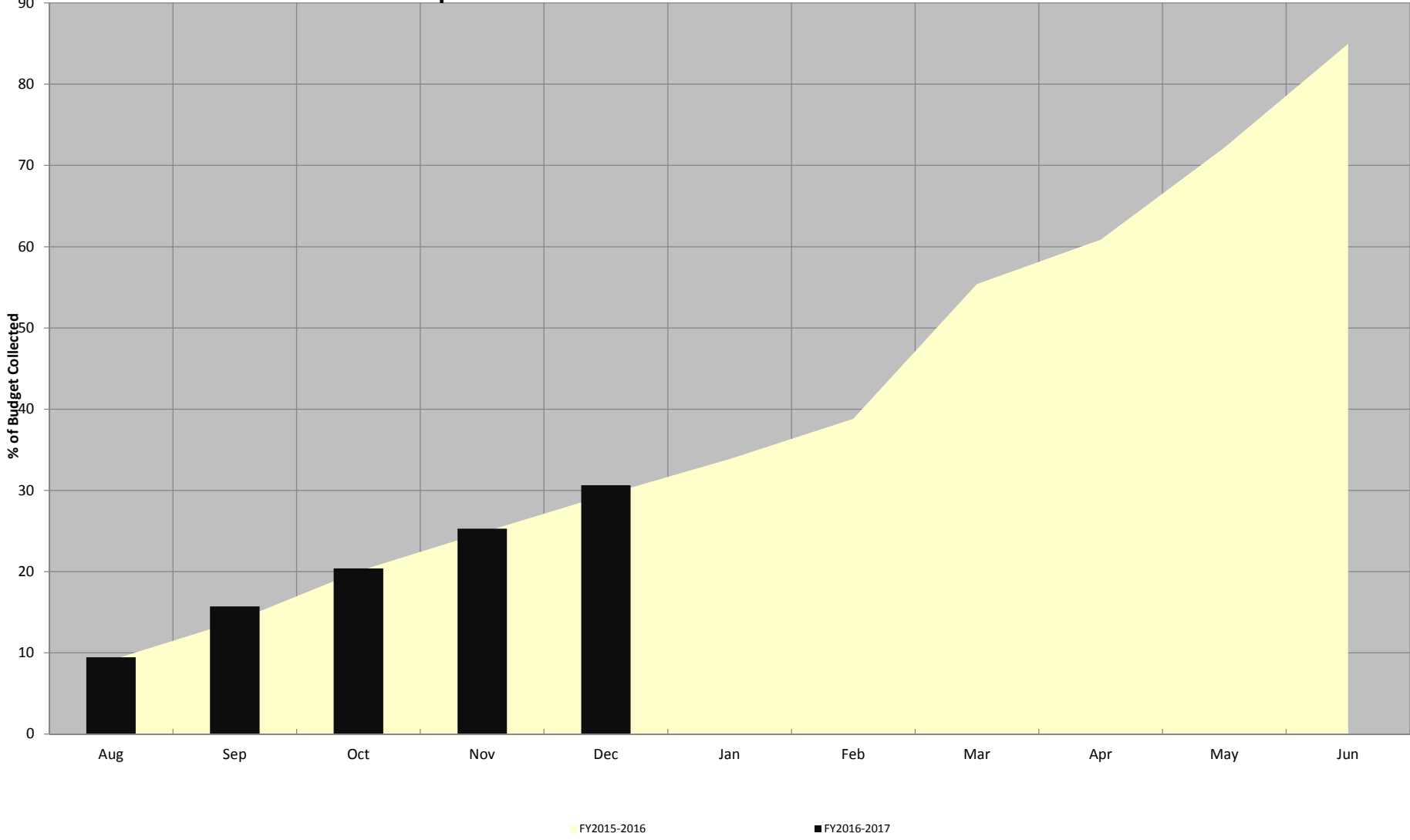
Financial Report

General Fund Major Revenue Categories

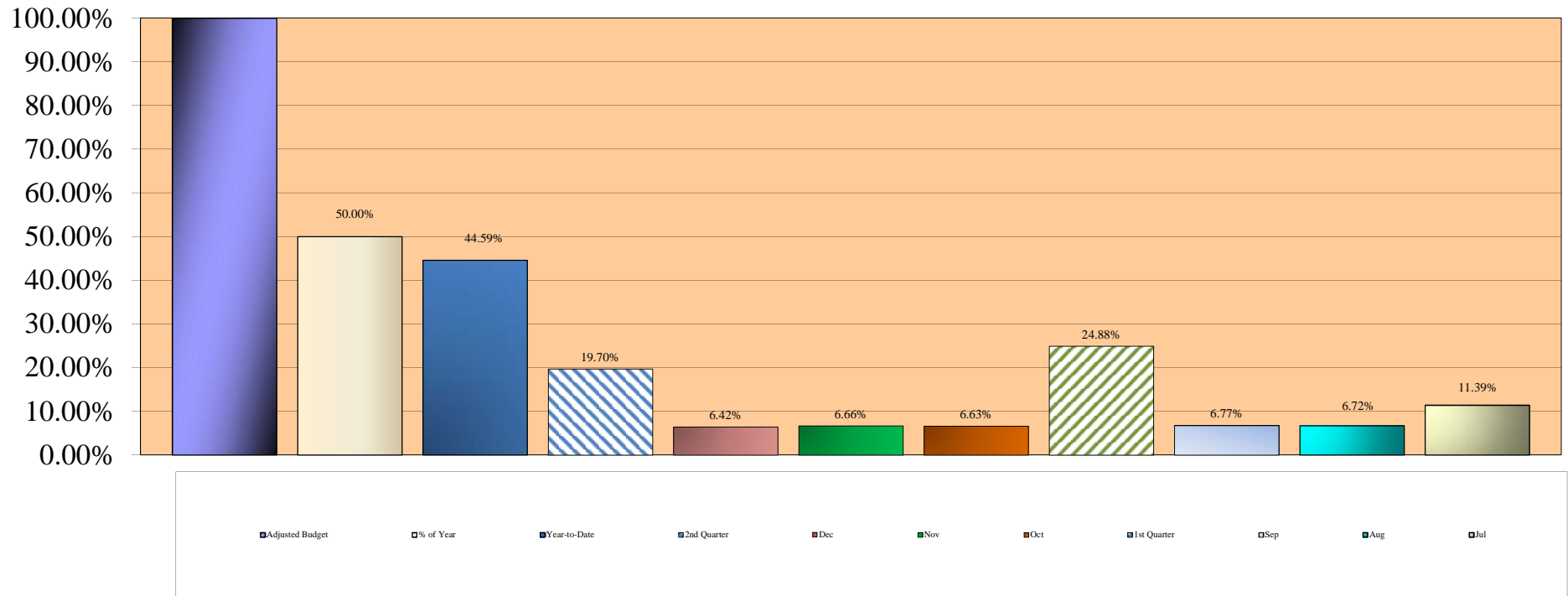
Year-to-Date Budget to Actual through December 2016 Compared to Year-to-Date Budget to Actual through December 2015



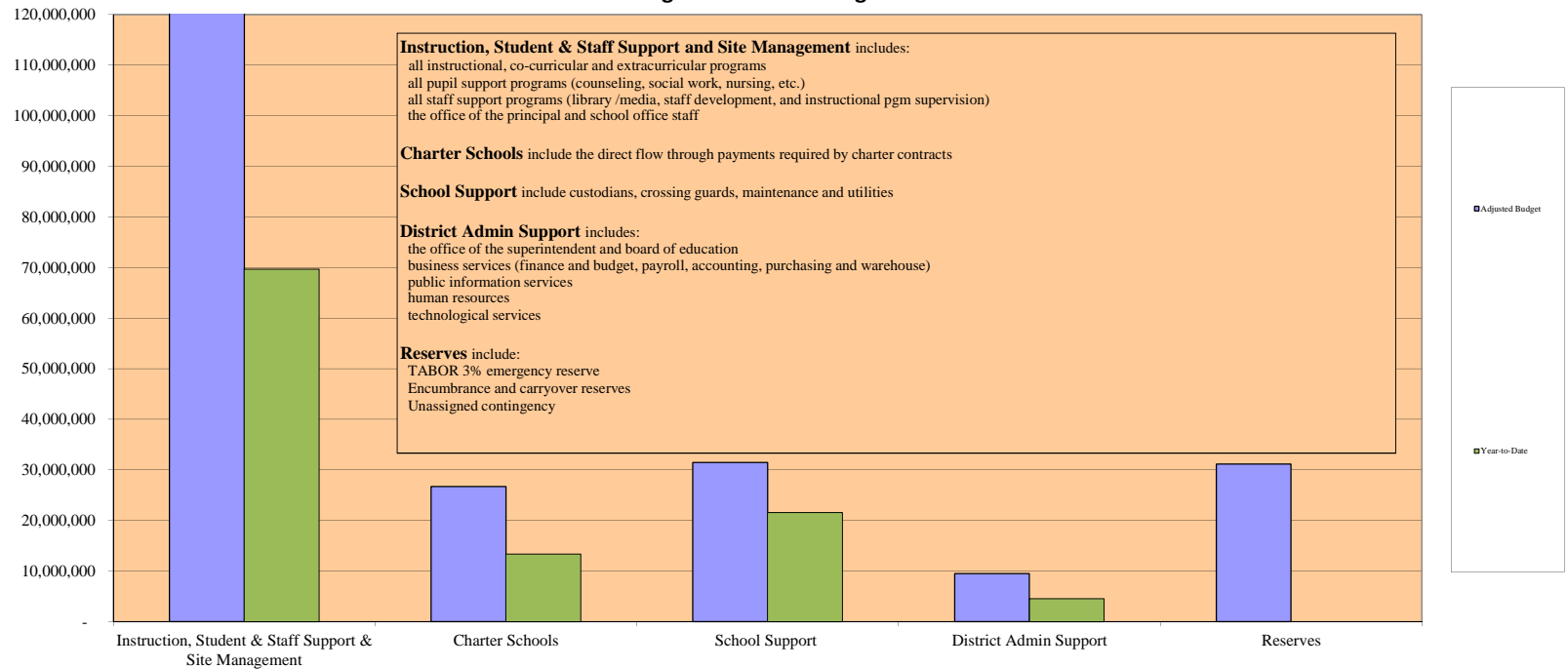
Compare YTD Revenues between FY2016 and FY2017



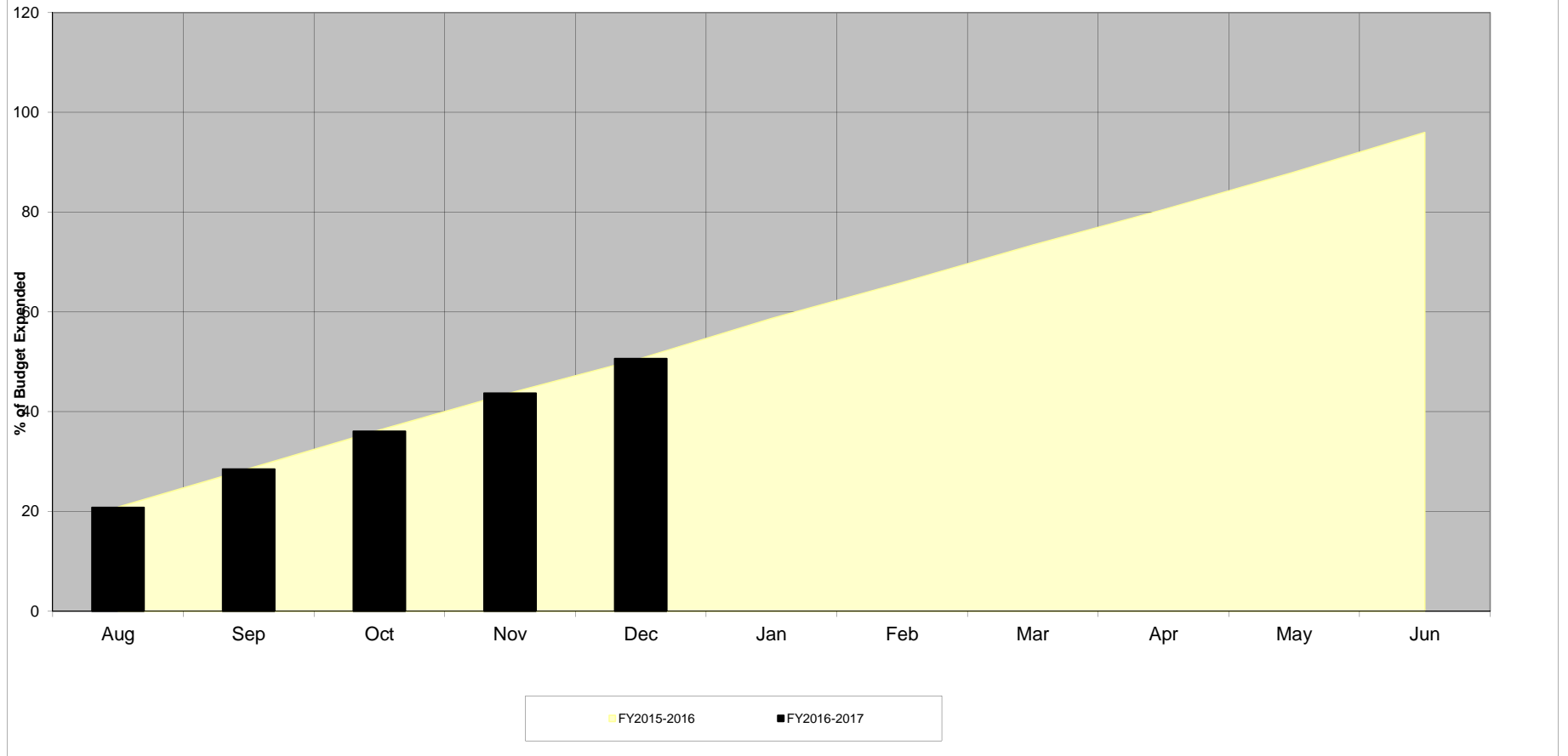
General Fund Total Expenditures Budget to Actual Comparison by Month and Year-to-Date - Unaudited



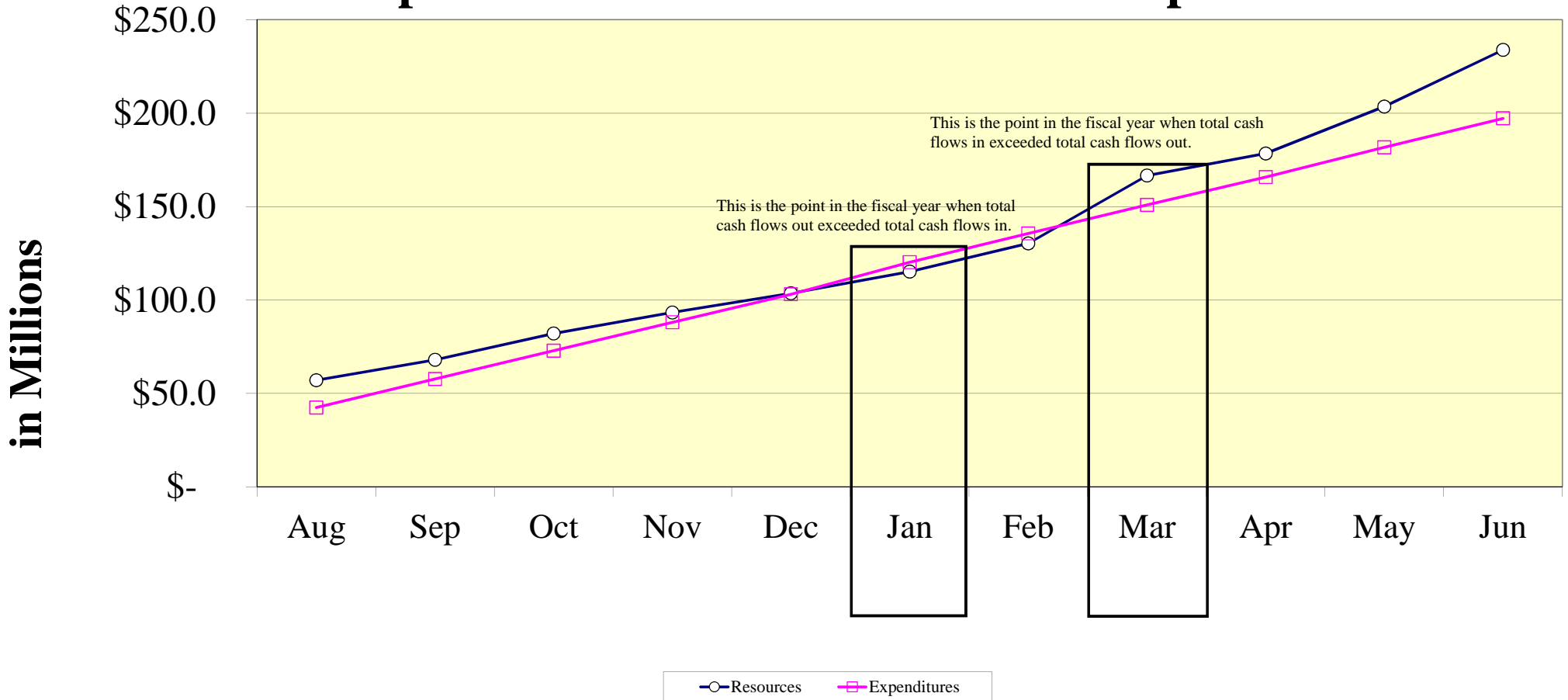
**General Fund Expenditures Budget To Actual by Major Program Category
Year-to-Date Budget to Actual through December 2016**



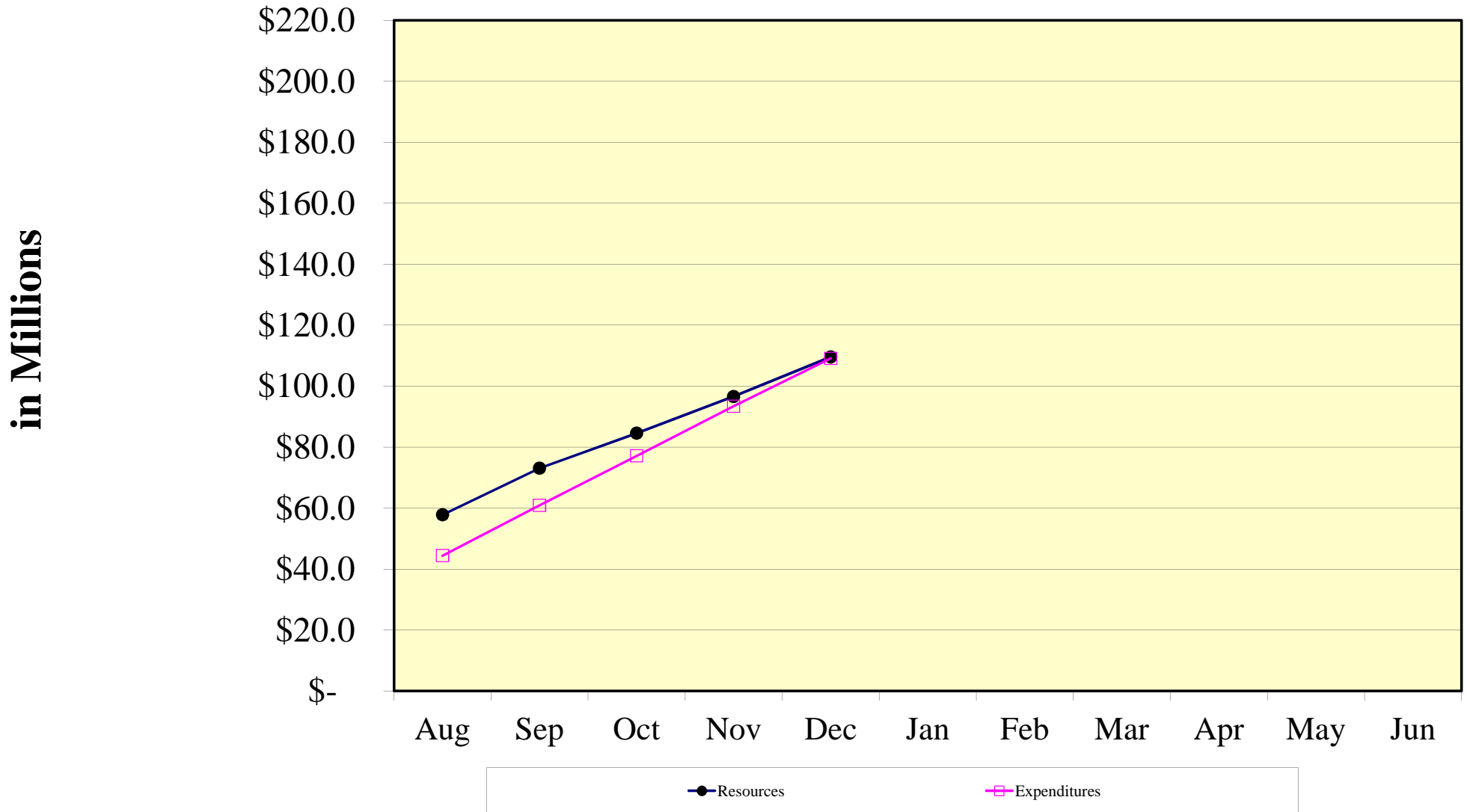
Compare YTD Expenditures between FY2016 and FY2017



Compare FY2015-2016 Resources to Expenditures

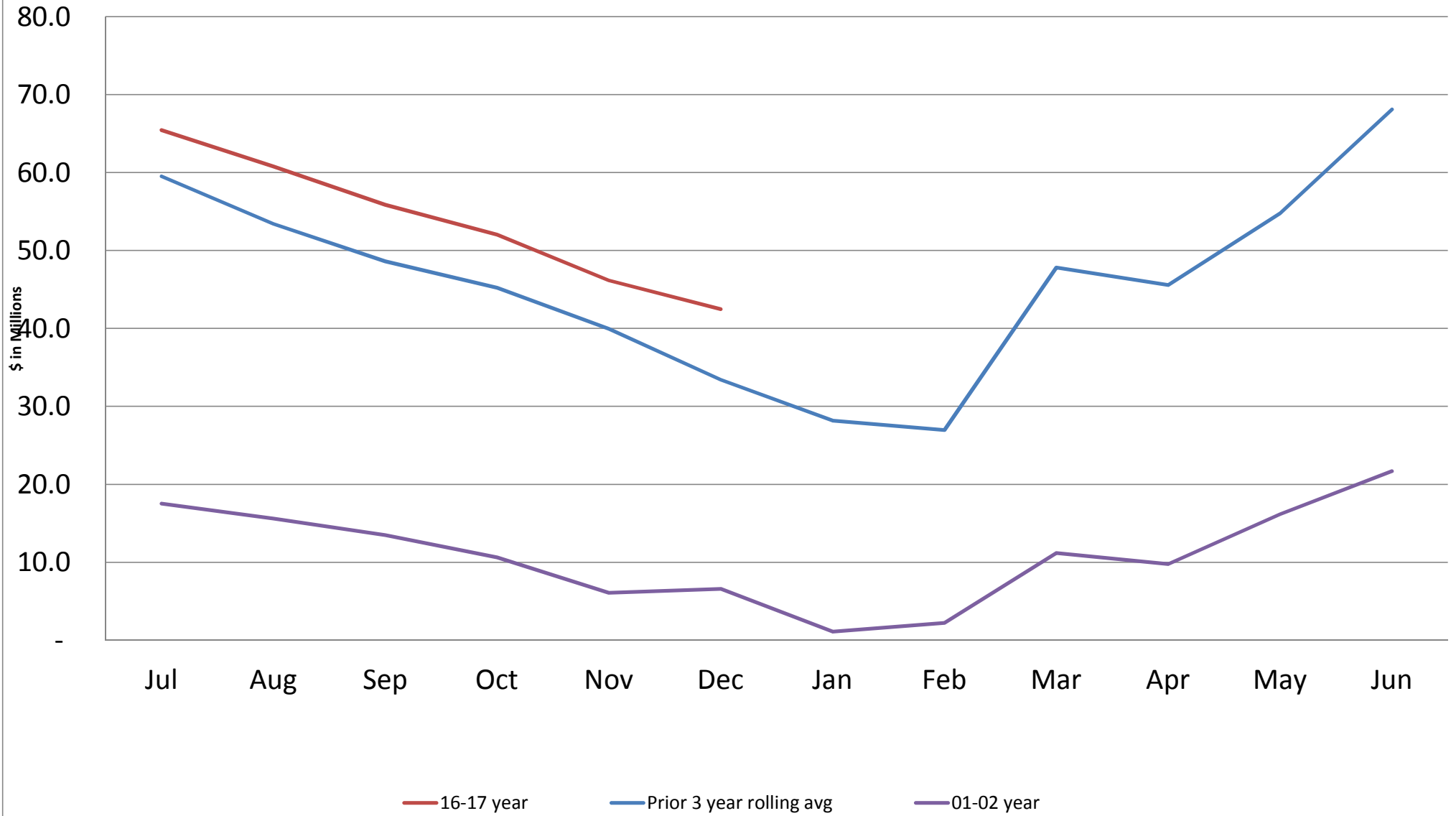


Compare FY 2016-2017 Resources to Expenditures



Cash & Investments Available to Meet Operating Needs

(excludes TABOR reserve and Debt Service)



General Fund
Operating Summary by Object
Year to Date through Dec 2016
Percent of Year Completed - 50.0%

	Adjusted Budget	Actual	% of Actual Revenue to Adjusted Budget	Variance		FY2016 Final Budget	FY2016 Actual	Variance	
				Adjusted to Actual	Budget % of Budget			Adjusted Budget to Actual	FY2016 % of Budget
Local Revenue	\$78,125,524	\$6,252,875	8.00%	(\$71,872,649)	2.55%	\$76,920,094	\$5,446,463	(\$71,473,631)	2.24%
State Revenue	129,728,607	67,151,377	51.76%	(62,577,230)	27.44%	126,520,034	64,544,275	(61,975,759)	26.52%
Federal Revenue	2,199,000	1,548,474	70.42%	(650,526)	0.63%	2,349,000	195,211	(2,153,789)	0.08%
Total Revenue Budget	210,053,131	74,952,726	35.68%	(135,100,405)	30.62%	205,789,128	70,185,949	(135,603,179)	28.84%
Fund Balance & Transfers	34,707,202	34,707,202		0	14.18%	37,598,778	33,636,886	-3,961,892	13.82%
Total Revenue & Fund Balance	\$244,760,333	\$109,659,928		(\$135,100,405)	44.80%	\$243,387,906	\$103,822,835	(\$139,565,071)	42.66%
Object and Job Class									
Administrators									
Salaries	\$11,491,750	\$5,706,136		\$5,785,614	49.65%	\$11,275,815	\$5,489,836	\$5,785,979	48.69%
Benefits	2,863,450	1,388,213		1,475,237	48.48%	2,773,860	1,297,934	1,475,926	46.79%
Subtotal	14,355,200	7,094,349		7,260,851	49.42%	14,049,675	6,787,770	7,261,905	48.31%
Teachers									
Salaries	84,014,720	39,885,780		44,128,940	47.47%	81,543,620	39,214,875	42,328,745	48.09%
Benefits	22,344,718	10,599,675		11,745,043	47.44%	21,008,757	10,165,678	10,843,079	48.39%
Subtotal	106,359,438	50,485,455		55,873,983	47.47%	102,552,377	49,380,553	53,171,824	48.15%
Non-teaching Professionals									
Salaries	2,042,220	1,049,549		992,671	51.39%	2,009,413	959,078	1,050,335	47.73%
Benefits	600,970	278,133		322,837	46.28%	535,692	256,670	279,022	47.91%
Subtotal	2,643,190	1,327,682		1,315,508	50.23%	2,545,105	1,215,748	1,329,357	47.77%
Paraprofessionals									
Salaries	6,984,759	3,168,582		3,816,177	45.36%	6,528,552	2,989,722	3,538,830	45.79%
Benefits	2,489,363	1,019,758		1,469,605	40.96%	2,324,137	957,199	1,366,938	41.19%
Subtotal	9,474,122	4,188,340		5,285,782	44.21%	8,852,689	3,946,921	4,905,768	44.58%
Office & Admin Support									
Salaries	6,531,086	3,156,056		3,375,030	48.32%	6,491,076	3,141,740	3,349,336	48.40%
Benefits	2,067,339	939,669		1,127,670	45.45%	2,043,529	915,209	1,128,320	44.79%
Subtotal	8,598,425	4,095,725		4,502,700	47.63%	8,534,605	4,056,949	4,477,656	47.54%
Skilled Trades									
Salaries	6,592,080	3,250,596		3,341,484	49.31%	6,455,136	3,149,505	3,305,631	48.79%
Benefits	2,363,180	964,234		1,398,946	40.80%	2,352,766	930,766	1,422,000	39.56%
Subtotal	8,955,260	4,214,830		4,740,430	47.07%	8,807,902	4,080,271	4,727,631	46.33%
Total Salaries & Benefits									
Salaries	117,656,615	56,216,699		61,439,916	47.78%	114,303,612	54,944,756	59,358,856	48.07%
Benefits	32,729,020	15,189,682		17,539,338	46.41%	31,038,741	14,523,456	16,515,285	46.79%
Subtotal	150,385,635	71,406,381		78,979,254	47.48%	145,342,353	69,468,212	75,874,141	47.80%

General Fund
Operating Summary by Object
Year to Date through Dec 2016
Percent of Year Completed - 50.0%

	Adjusted Budget	Actual	Variance		FY2016 Final Budget	FY2016 Actual	Variance		FY2016 % of Budget
			% of Actual Revenue to Adjusted Budget	Adjusted to Actual			Adjusted Budget to Actual	% of Budget	
Non-Salaries									
Purchased Professional & Technica	2,288,669	1,739,136		549,533	75.99%	2,688,080	1,415,852	1,272,228	52.67%
Purchased Property Services	3,877,583	1,876,826		2,000,757	48.40%	4,034,314	1,882,337	2,151,977	46.66%
Other Purchased Services	6,935,181	3,017,834		3,917,347	43.51%	6,820,930	3,065,104	3,755,826	44.94%
Subtotal	13,101,433	6,633,796		6,467,637	50.63%	13,543,324	6,363,293	7,180,031	46.98%
Supplies	11,509,458	4,169,407		7,340,051	36.23%	10,878,032	3,641,050	7,236,982	33.47%
Equipment	293,084	383,891		-90,807	130.98%	510,255	231,117	279,138	45.29%
Other Expenses	766,340	362,747		403,593	47.33%	613,602	309,128	304,474	50.38%
Subtotal	12,568,882	4,916,045		7,652,837	39.11%	12,001,889	4,181,295	7,820,594	34.84%
Subtotal Expenditure Accounts	176,055,950	82,956,222		93,099,728	47.12%	170,887,566	80,012,800	90,874,766	46.82%
Transfer - Charter Schools	26,690,775	13,339,764		13,351,011	49.98%	26,299,696	13,149,846	13,149,850	50.00%
Transfer - CRCP Fund	2,677,750	2,677,750		0	100.00%	3,979,732	2,385,905	1,593,827	59.95%
Transfer - Transportation Fund	5,106,180	5,106,180		0	100.00%	4,912,430	5,330,245	-417,815	108.51%
Transfer - Technology Fund	5,054,475	5,054,475		0	100.00%	4,848,490	4,968,665	-120,175	102.48%
Subtotal	39,529,180	26,178,169		13,351,011	66.22%	40,040,348	25,834,661	14,205,687	64.52%
Total Expenditure Accounts & Transfers/Allocations	215,585,130	109,134,391		106,450,739	50.62%	210,927,914	105,847,461	105,080,453	50.18%
TABOR Reserve	5,132,000	0		5,132,000	0.00%	5,132,000	0	5,132,000	0.00%
Contingency & Other Reserves	4,733,371	0		4,733,371	0.00%	5,046,608	0	5,046,608	0.00%
Reserve for encumbrance & unantic	19,309,832	0		19,309,832	0.00%	22,281,384	0	22,281,384	0.00%
Subtotal	29,175,203	0		29,175,203	0.00%	32,459,992	0	32,459,992	0.00%
Total Appropriated Budget	\$244,760,333	\$109,134,391		\$135,625,942	44.59%	\$243,387,906	\$105,847,461	\$137,540,445	43.49%
Total Resources Over (Under)									
Total Expenditures		\$525,537					(\$2,024,626)		

	Unassigned	Restricted/Assigned	Total
July 1, 2016 Audited Fund Balance	\$ 28,635,281	\$ 14,028,844	\$ 42,664,125
Projected Revenues	210,053,131	-	210,053,131
Projected Expenditures	(208,438,845)		(208,438,845)
Increase in Assignment for TABOR	(200,000)	200,000	-
Projected June 30, 2017 Unassigned Fund Bal:	\$ 30,049,568	\$ 14,228,844	\$ 44,278,412
Projected Change in Unassigned Fund Balance	\$ 1,414,287	\$ 200,000	\$ 1,614,287

Academy District 20
 Budget to Actual Comparisons 2016-2017 and Prior Year 2015-2016
 as of December 31, 2016

Results as of end of quarter:	2016-2017				Results as of end of quarter:	2015-2016					
	Adopted Budget	YTD Actual	YTD Variance	% Spent		Adopted Budget	YTD Actual	YTD Variance	% Spent		
General (10)	Total Resources	244,760,333	109,659,928	135,100,405	44.8%	General (10)	Total Resources	238,419,552	103,822,835	134,596,717	43.5%
	Total Expenditures	244,760,333	109,134,391	135,625,942	44.6%		Total Expenditures	238,419,552	105,847,461	132,572,091	44.4%
	Surplus (deficit)	-	525,537	(525,537)			Surplus (deficit)	-	(2,024,626)	2,024,626	
Food Service (21)	Total Resources	5,413,468	2,976,133	2,437,335	55.0%	Food Service (21)	Total Resources	5,573,629	2,646,271	2,927,358	47.5%
	Total Expenditures	5,413,468	2,337,544	3,075,924	43.2%		Total Expenditures	5,573,629	2,298,121	3,275,508	41.2%
	Surplus (deficit)	-	638,589	(638,589)			Surplus (deficit)	-	348,150	(348,150)	
Designated Purpose Grants (22)	Total Resources	7,500,000	3,846,457	3,653,543	51.3%	Designated Purpose Grants (22)	Total Resources	7,500,000	1,818,889	5,681,111	24.3%
	Total Expenditures	7,500,000	2,242,000	5,258,000	29.9%		Total Expenditures	7,500,000	2,372,041	5,127,959	31.6%
	Surplus (deficit)	-	1,604,457	(1,604,457)			Surplus (deficit)	-	(553,152)	553,152	
Transportation (25)	Total Resources	8,789,392	8,854,529	(65,137)	100.7%	Transportation (25)	Total Resources	8,111,754	6,932,877	1,178,877	85.5%
	Total Expenditures	8,789,392	3,624,142	5,165,250	41.2%		Total Expenditures	8,111,754	3,522,510	4,589,244	43.4%
	Surplus (deficit)	-	5,230,387	(5,230,387)			Surplus (deficit)	-	3,410,367	(3,410,367)	
Bond Redemption (31)	Total Resources	42,530,196	26,222,058	16,308,138	61.7%	Bond Redemption (31)	Total Resources	42,580,858	23,850,680	18,730,178	56.0%
	Total Expenditures	42,530,196	15,981,613	26,548,583	37.6%		Total Expenditures	42,580,858	15,896,875	26,683,983	37.3%
	Surplus (deficit)	-	10,240,445	(10,240,445)			Surplus (deficit)	-	7,953,805	(7,953,805)	
CRCP (43)	Total Resources	5,679,557	7,104,804	(1,425,247)	125.1%	CRCP (43)	Total Resources	5,500,507	8,065,875	(2,565,368)	146.6%
	Total Expenditures	5,679,557	2,500,463	3,179,094	44.0%		Total Expenditures	5,500,507	4,519,579	980,928	82.2%
	Surplus (deficit)	-	4,604,341	(4,604,341)			Surplus (deficit)	-	3,546,296	(3,546,296)	
Technology (44)	Total Resources	14,072,587	13,656,884	415,703	97.0%	Technology (44)	Total Resources	12,649,107	13,295,326	(646,219)	105.1%
	Total Expenditures	14,072,587	4,291,731	9,780,856	30.5%		Total Expenditures	12,649,107	4,017,210	8,631,897	31.8%
	Surplus (deficit)	-	9,365,153	(9,365,153)			Surplus (deficit)	-	9,278,116	(9,278,116)	