

ACADEMY 20 BOARD OF EDUCATION
March 16, 2017

Subject: Monthly Financial Report through February 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: March 6, 2017



MEMORANDUM

TO: Dr. Mark Hatchell, Superintendent
Board of Education

FROM: Tom Gregory, Deputy Superintendent/CFO

DATE: March 6, 2017

SUBJECT: February Financial Report

REVENUES

Graph #1 and Table #1 show that through February we have collected about 39.3% 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 38.8%. 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 8 months of the year complete (66.7%), spending, which includes total appropriation, is at 57.4%. 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 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 (66.7%) are comparable to last year (65.8%). 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 property taxes not collected until the spring 2016 and that the full transfers are made to the CRCP, Transportation and Technology Funds in July 2015. 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 fifteen 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 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, 2016 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.

3rd, the Series 2017 bond proceeds of \$160,000 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). More detail associated with Building Fund expenditures will be reported in the months to follow.

Investments	Feb-17	Jan-17	Dec-16	Nov-16	Oct-16
General Fund Account					
Colostrust	33,442,602	38,761,206	41,000,501	43,765,308	47,355,033
Total General Fund	33,442,602	38,761,206	41,000,501	43,765,308	47,355,033
TABOR Account					
Colostrust	5,387,000	5,387,000	5,387,000	5,387,000	5,132,000
Total TABOR	5,387,000	5,387,000	5,387,000	5,387,000	5,132,000
Bond Redemption Account					
Wells Fargo - Colostrust	10,684,794	10,252,771	10,240,446	26,214,946	26,095,307
Total Bond Redemption	10,684,794	10,252,771	10,240,446	26,214,946	26,095,307
Building Fund Accounts					
Colostrust (proceeds)	183,671,050	183,671,050	-	-	-
Colostrust (interest)	165,835	36,999	-	-	-
Total Building Fund	183,836,885	183,708,049	-	-	-
Total Investments	\$233,351,281	\$238,109,026	\$56,627,947	\$75,367,254	\$78,582,340

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.

February 2017

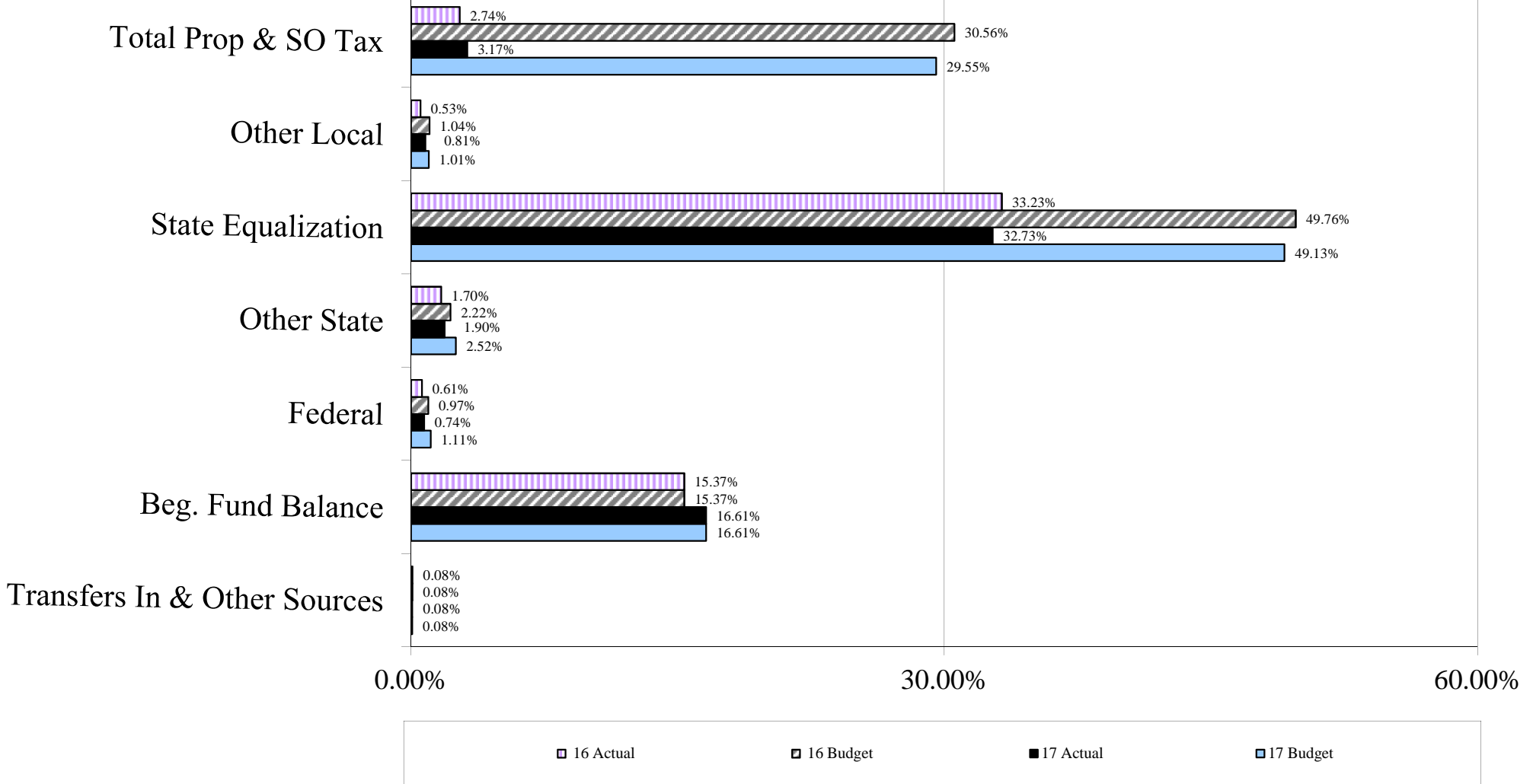
General Fund

Financial Report

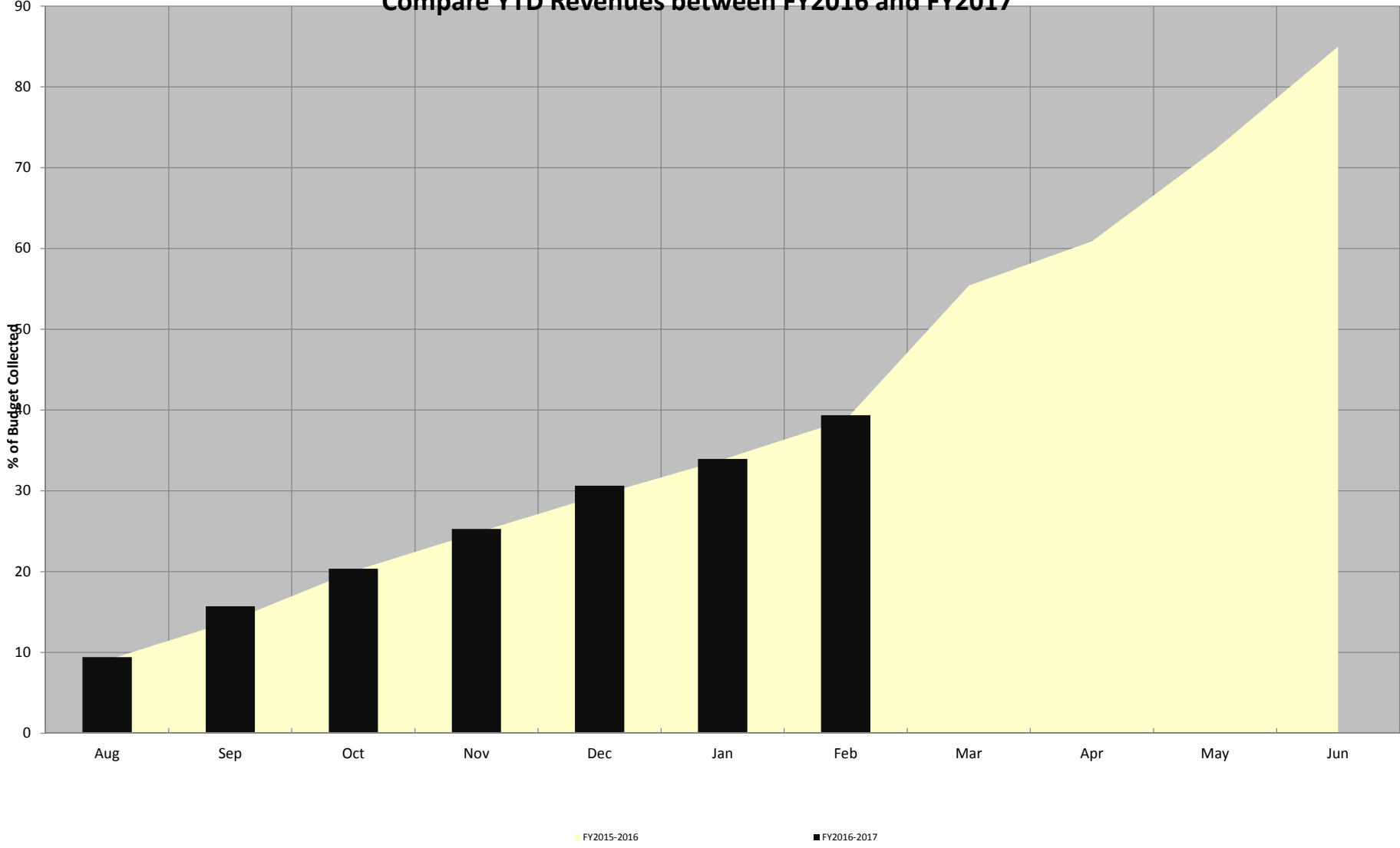
General Fund Major Revenue Categories

Year-to-Date Budget to Actual through February 2017

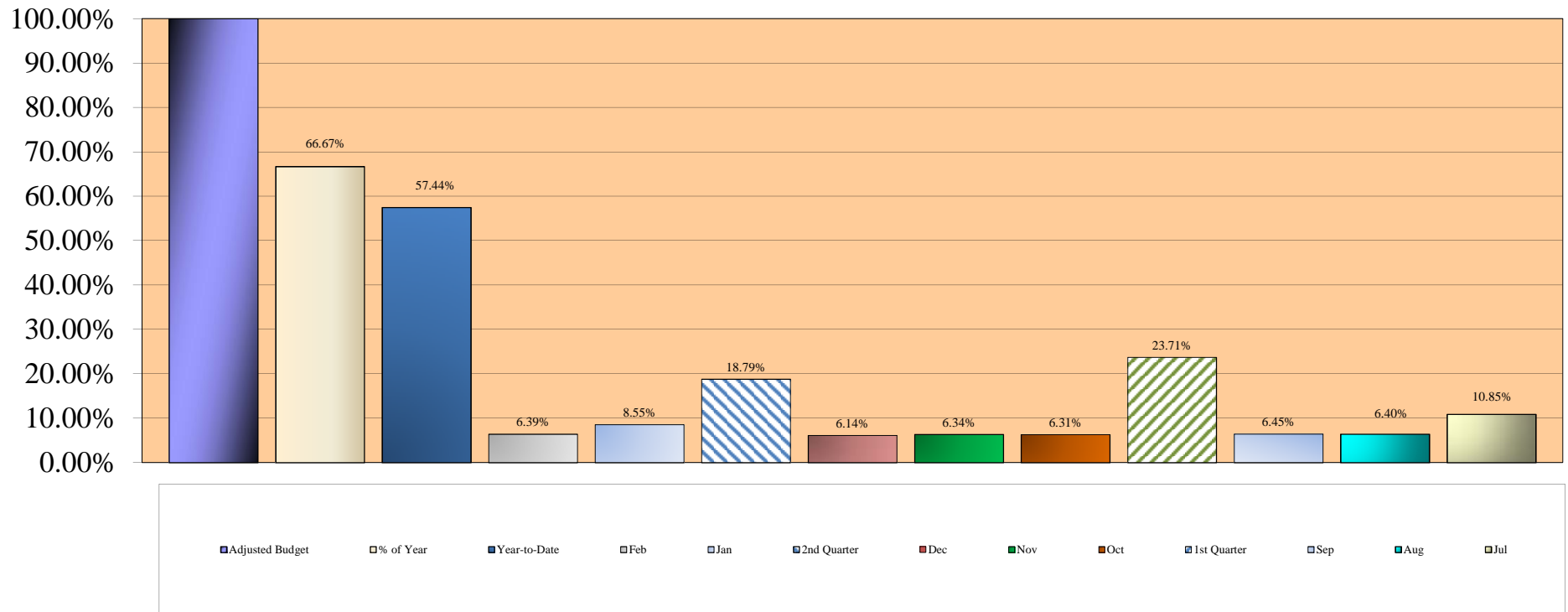
Compared to Year-to-Date Budget to Actual through February 2016



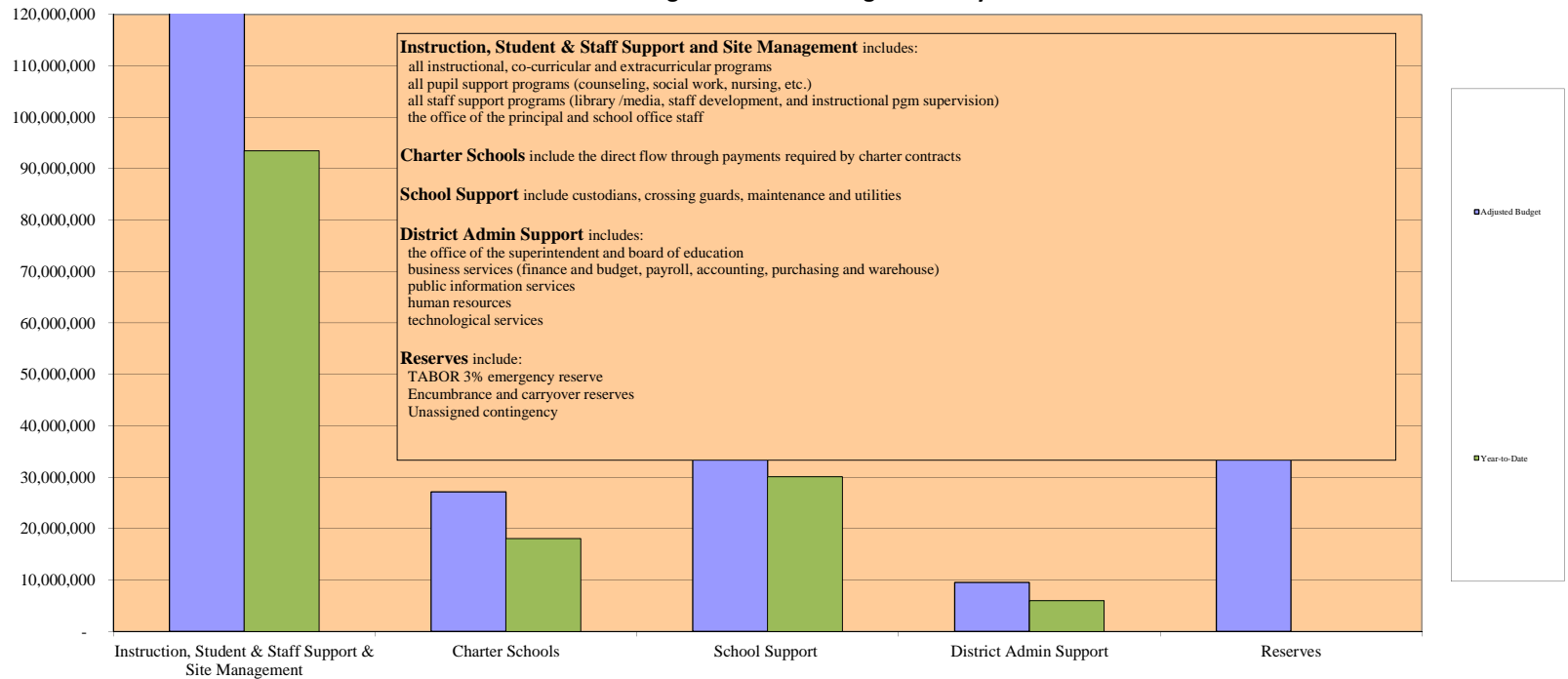
Compare YTD Revenues between FY2016 and FY2017



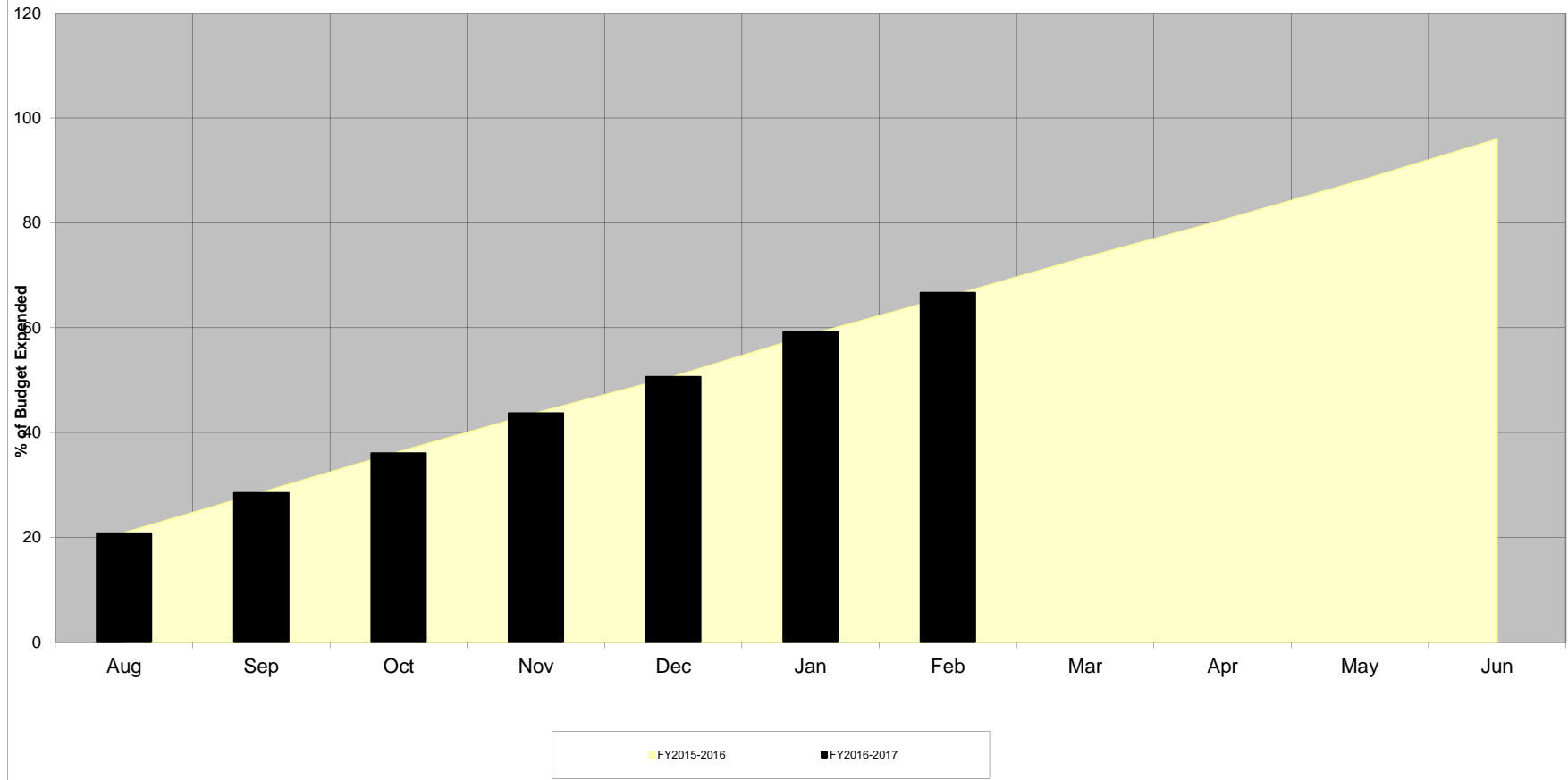
General Fund Total Expenditures Budget to Actual Comparison by Month and Year-to-Date - Unaudited



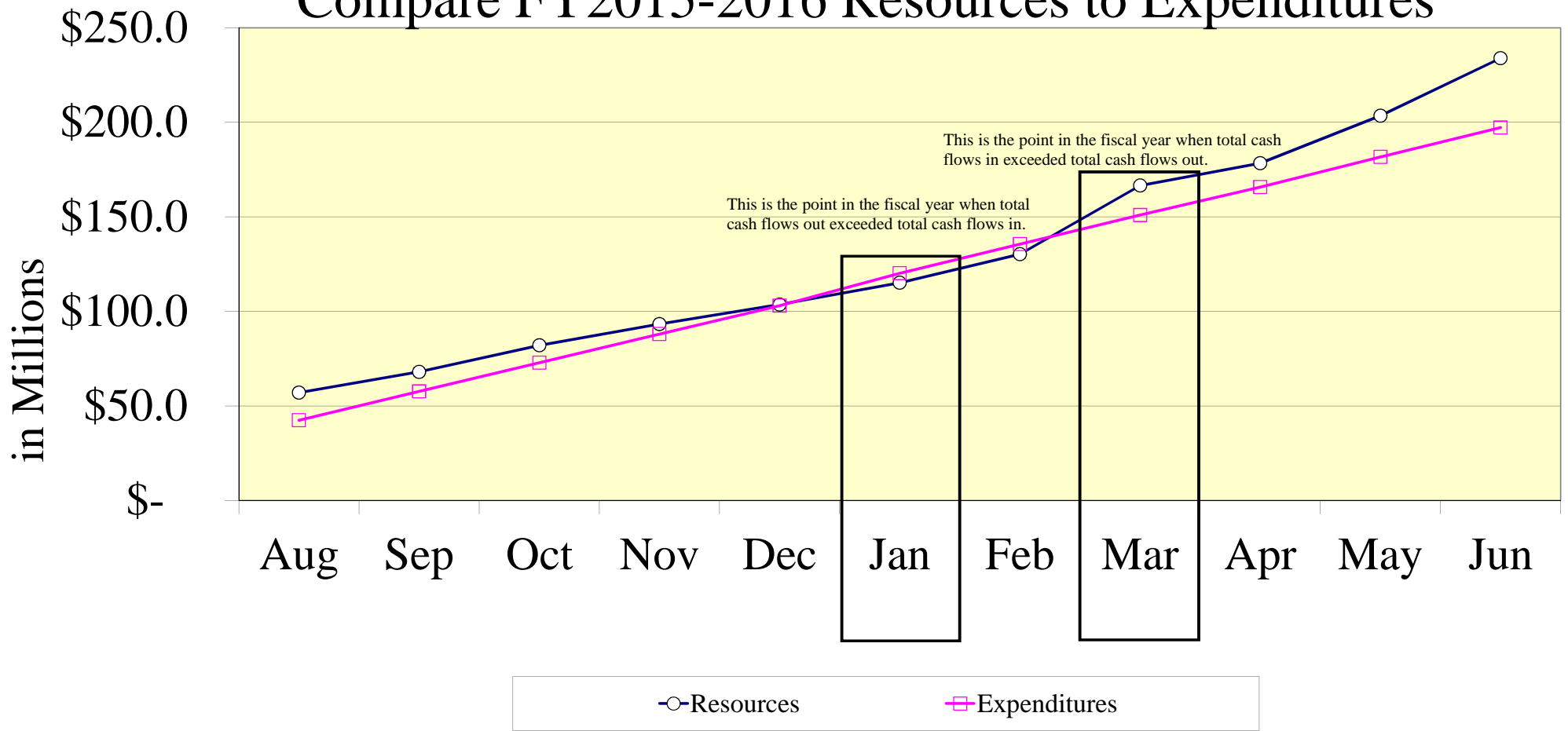
**General Fund Expenditures Budget To Actual by Major Program Category
Year-to-Date Budget to Actual through February 2017**



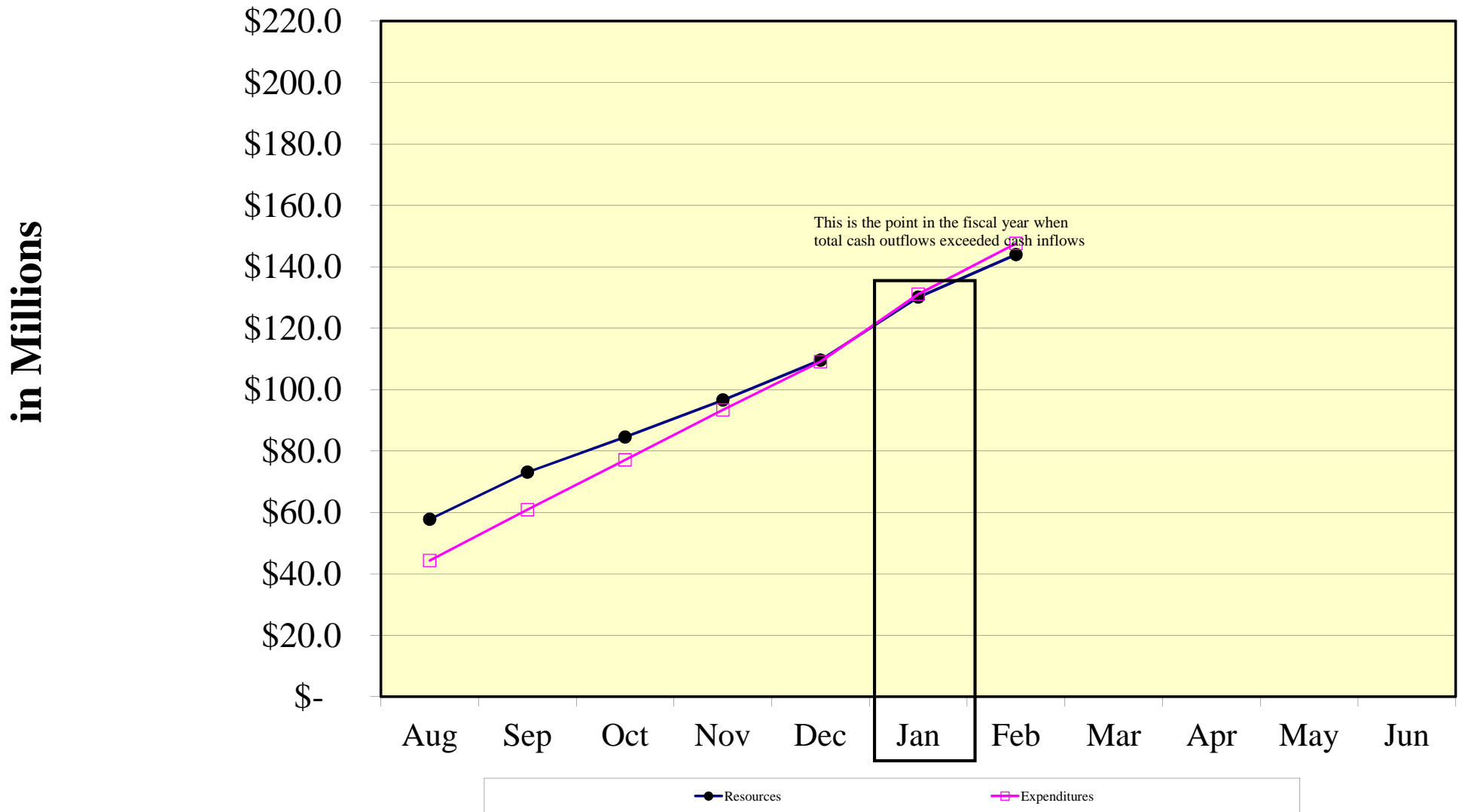
Compare YTD Expenditures between FY2016 and FY2017



Compare FY2015-2016 Resources to Expenditures

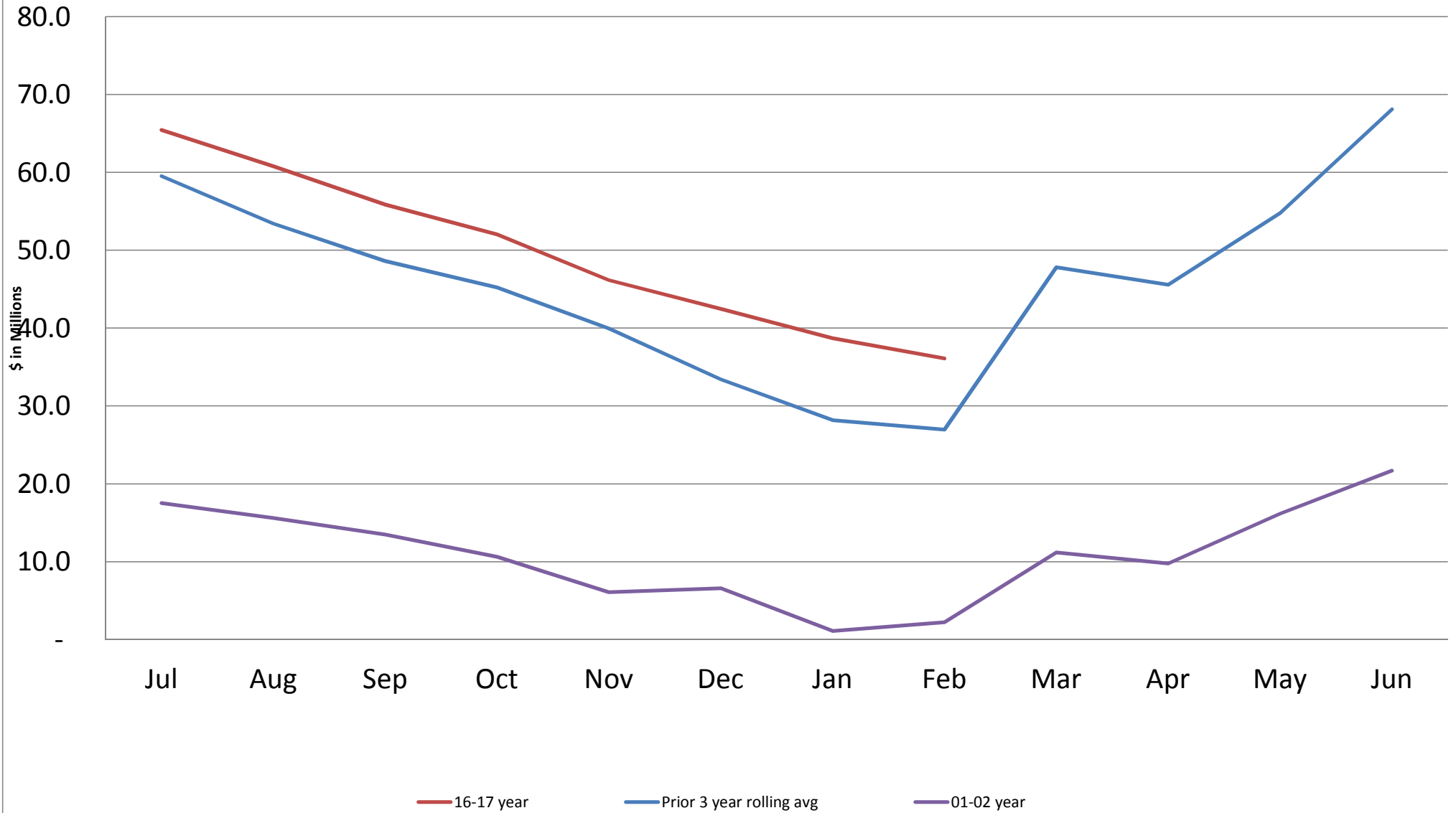


Compare FY 2016-2017 Resources to Expenditures



Cash & Investments Available to Meet Operating Needs

(excludes TABOR reserve and Debt Service)



General Fund
Operating Summary by Object
Year to Date through Feb 2017
Percent of Year Completed - 66.67%

	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	\$78,505,546	\$10,203,172	13.00%	(\$68,302,374)	3.97%	\$76,920,094	\$7,951,250	(\$68,968,844)	3.27%
State Revenue	132,715,328	88,962,793	67.03%	(43,752,535)	34.62%	126,520,034	85,014,820	(41,505,214)	34.93%
Federal Revenue	2,850,000	1,908,401	66.96%	(941,599)	0.74%	2,349,000	1,494,392	(854,608)	0.61%
Total Revenue Budget	214,070,874	101,074,366	47.22%	(112,996,508)	39.34%	205,789,128	94,460,462	(111,328,666)	38.81%
Fund Balance & Transfers	42,864,125	42,864,125		0	16.68%	37,598,778	37,598,778	0	15.45%
Total Revenue & Fund Balance	\$256,934,999	\$143,938,491		(\$112,996,508)	56.02%	\$243,387,906	\$132,059,240	(\$111,328,666)	54.26%
Object and Job Class									
Administrators									
Salaries	\$11,550,220	\$7,611,157		\$3,939,063	65.90%	\$11,275,815	\$7,366,923	\$3,908,892	65.33%
Benefits	2,879,690	1,860,704		1,018,986	64.61%	2,773,860	1,745,220	1,028,640	62.92%
Subtotal	14,429,910	9,471,861		4,958,049	65.64%	14,049,675	9,112,143	4,937,532	64.86%
Teachers									
Salaries	82,732,430	53,699,655		29,032,775	64.91%	81,543,620	52,635,006	28,908,614	64.55%
Benefits	22,298,697	14,188,565		8,110,132	63.63%	21,008,757	13,620,560	7,388,197	64.83%
Subtotal	105,031,127	67,888,220		37,142,907	64.64%	102,552,377	66,255,566	36,296,811	64.61%
Non-teaching Professionals									
Salaries	2,048,094	1,405,900		642,194	68.64%	2,009,413	1,363,970	645,443	67.88%
Benefits	602,070	370,540		231,530	61.54%	535,692	345,525	190,167	64.50%
Subtotal	2,650,164	1,776,440		873,724	67.03%	2,545,105	1,709,495	835,610	67.17%
Paraprofessionals									
Salaries	6,890,159	4,261,038		2,629,121	61.84%	6,528,552	4,050,922	2,477,630	62.05%
Benefits	2,489,714	1,374,868		1,114,846	55.22%	2,324,137	1,293,583	1,030,554	55.66%
Subtotal	9,379,873	5,635,906		3,743,967	60.09%	8,852,689	5,344,505	3,508,184	60.37%
Office & Admin Support									
Salaries	6,541,645	4,277,625		2,264,020	65.39%	6,491,076	4,286,414	2,204,662	66.04%
Benefits	2,068,484	1,256,632		811,852	60.75%	2,043,529	1,232,967	810,562	60.34%
Subtotal	8,610,129	5,534,257		3,075,872	64.28%	8,534,605	5,519,381	3,015,224	64.67%
Skilled Trades									
Salaries	6,595,380	4,331,336		2,264,044	65.67%	6,455,136	4,313,416	2,141,720	66.82%
Benefits	2,163,180	1,288,222		874,958	59.55%	2,352,766	1,252,952	1,099,814	53.25%
Subtotal	8,758,560	5,619,558		3,139,002	64.16%	8,807,902	5,566,368	3,241,534	63.20%
Total Salaries & Benefits									
Salaries	116,357,928	75,586,711		40,771,217	64.96%	114,303,612	74,016,651	40,286,961	64.75%
Benefits	32,501,835	20,339,531		12,162,304	62.58%	31,038,741	19,490,807	11,547,934	62.80%
Subtotal	148,859,763	95,926,242		52,933,521	64.44%	145,342,353	93,507,458	51,834,895	64.34%

General Fund
Operating Summary by Object
Year to Date through Feb 2017
Percent of Year Completed - 66.67%

	Variance				Variance				
	Adjusted Budget	Actual	% of Actual Revenue to Adjusted Budget	Adjusted to Actual	Budget % of Budget	FY2016 Final Budget	FY2016 Actual	Adjusted Budget to Actual	FY2016 % of Budget
Non-Salaries									
Purchased Professional & Technica	2,816,166	2,249,148		567,018	79.87%	2,688,080	1,730,399	957,681	64.37%
Purchased Property Services	3,885,175	2,347,568		1,537,607	60.42%	4,034,314	2,365,160	1,669,154	58.63%
Other Purchased Services	7,546,606	4,193,587		3,353,019	55.57%	6,820,930	4,258,764	2,562,166	62.44%
Subtotal	14,247,947	8,790,303		5,457,644	61.70%	13,543,324	8,354,323	5,189,001	61.69%
Supplies	11,736,083	5,573,690		6,162,393	47.49%	10,878,032	5,020,905	5,857,127	46.16%
Equipment	375,700	484,063		-108,363	128.84%	510,255	314,571	195,684	61.65%
Other Expenses	757,451	448,333		309,118	59.19%	613,602	392,396	221,206	63.95%
Subtotal	12,869,234	6,506,086		6,363,148	50.56%	12,001,889	5,727,872	6,274,017	47.72%
Subtotal Expenditure Accounts	175,976,944	111,222,631		64,754,313	63.20%	170,887,566	107,589,653	63,297,913	62.96%
Transfer - Charter Schools	27,132,214	18,070,784		9,061,430	66.60%	26,299,696	17,533,128	8,766,568	66.67%
Transfer - CRCP Fund	7,954,039	7,954,039		0	100.00%	3,979,732	3,979,732	0	100.00%
Transfer - Transportation Fund	5,106,180	5,106,180		0	100.00%	4,912,430	4,912,430	0	100.00%
Transfer - Technology Fund	5,242,475	5,242,475		0	100.00%	4,848,490	4,848,490	0	100.00%
Subtotal	45,434,908	36,373,478		9,061,430	80.06%	40,040,348	31,273,780	8,766,568	78.11%
Total Expenditure Accounts & Transfers/Allocations	221,411,852	147,596,109		73,815,743	66.66%	210,927,914	138,863,433	72,064,481	65.83%
TABOR Reserve	5,387,000	0		5,387,000	0.00%	5,132,000	0	5,132,000	0.00%
Contingency & Other Reserves	5,498,132	0		5,498,132	0.00%	5,046,608	0	5,046,608	0.00%
Reserve for encumbrance & unantic	24,638,015	0		24,638,015	0.00%	22,281,384	0	22,281,384	0.00%
Subtotal	35,523,147	0		35,523,147	0.00%	32,459,992	0	32,459,992	0.00%
Total Appropriated Budget	\$256,934,999	\$147,596,109		\$109,338,890	57.44%	\$243,387,906	\$138,863,433	\$104,524,473	57.05%
Total Resources Over (Under)									
Total Expenditures		(\$3,657,618)					(\$6,804,193)		