



## **MEMORANDUM**

**TO:** Dr. Mark Hatchell, Superintendent  
Board of Education

**FROM:** Tom Gregory, Deputy Superintendent/CFO

**DATE:** February 6, 2018

**SUBJECT:** January Financial Report

## **REVENUES**

Graph #1 and Table #1 show that through January we have collected about 34.1% 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 34.0%. 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 7 months of the year complete (58.3%), spending, which includes total appropriation, is at 51.4%. 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 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 (59.6%) seem comparable to last year (59.2%). 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 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.

## **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

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.

1<sup>st</sup>, 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.

2<sup>nd</sup>, C.R.S. 22-44-103 requires the district to use a 3<sup>rd</sup> 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.

3<sup>rd</sup>, 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.

<b>Investments</b>	<b>Jan-18</b>	<b>Dec-17</b>	<b>Nov-17</b>	<b>Oct-17</b>	<b>Sep-17</b>
<b>General Fund Account</b>					
Colostrust	41,033,847	46,138,106	53,554,998	57,047,610	60,877,006
<b>Total General Fund</b>	41,033,847	46,138,106	53,554,998	57,047,610	60,877,006
<b>TABOR Account</b>					
Colostrust	5,626,000	5,626,000	5,626,000	5,387,000	5,387,000
<b>Total TABOR</b>	5,626,000	5,626,000	5,626,000	5,387,000	5,387,000
<b>Bond Redemption Account</b>					
Wells Fargo - Colostrust	6,346,051	6,328,958	26,507,274	26,385,240	26,348,752
<b>Total Bond Redemption</b>	6,346,051	6,328,958	26,507,274	26,385,240	26,348,752
<b>Building Fund Accounts</b>					
Colostrust (proceeds)	157,701,269	160,309,068	164,932,479	169,560,978	172,299,788
Colostrust (interest)	2,083,384	1,877,834	1,685,558	1,506,499	1,321,666
<b>Total Building Fund</b>	159,784,653	162,186,902	166,618,037	171,067,477	173,621,454
<b>Total Investments</b>	<b>\$212,790,551</b>	<b>\$220,279,966</b>	<b>\$252,306,309</b>	<b>\$259,887,327</b>	<b>\$266,234,212</b>

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.

**January 2018**

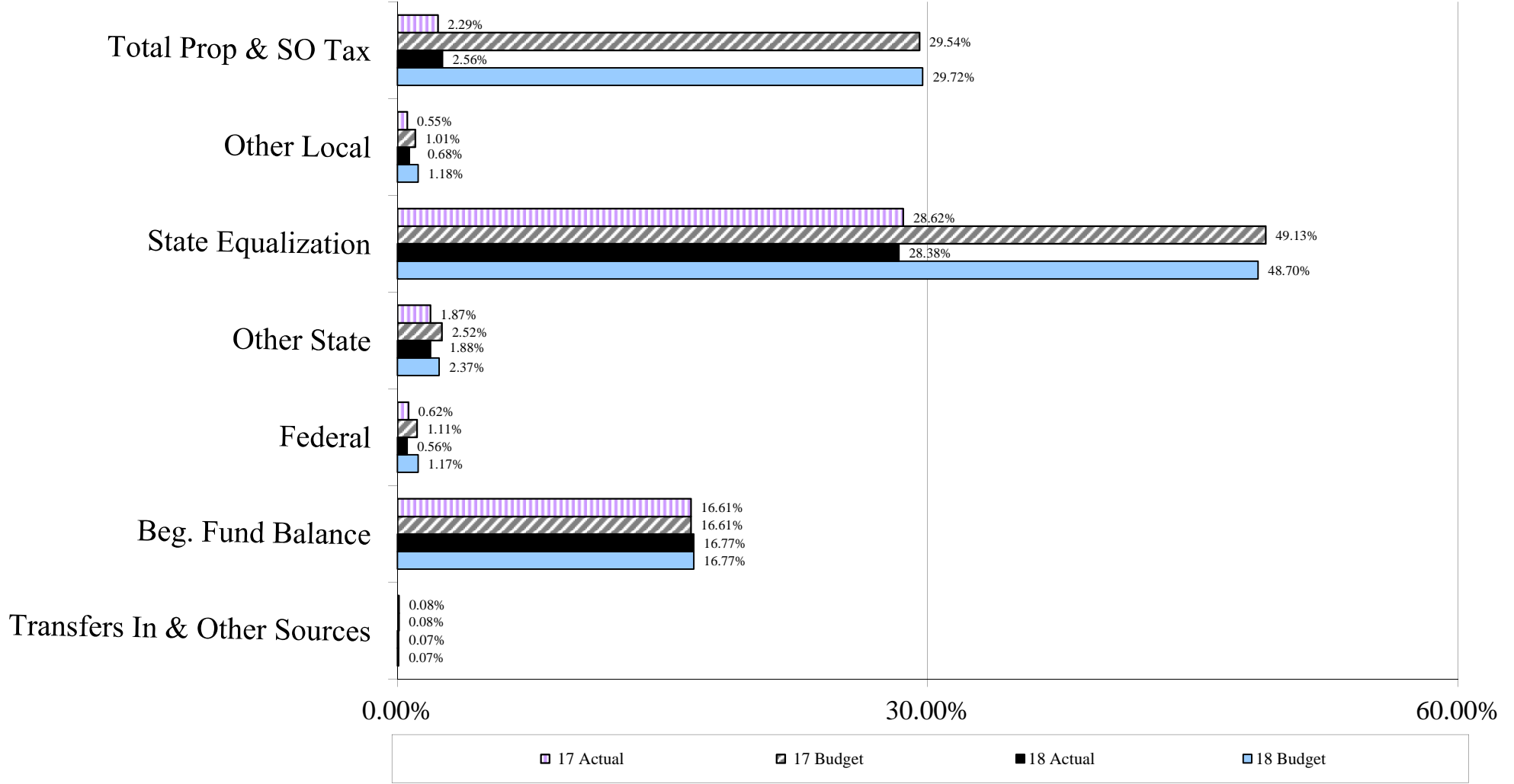
**General Fund**

**Financial Report**

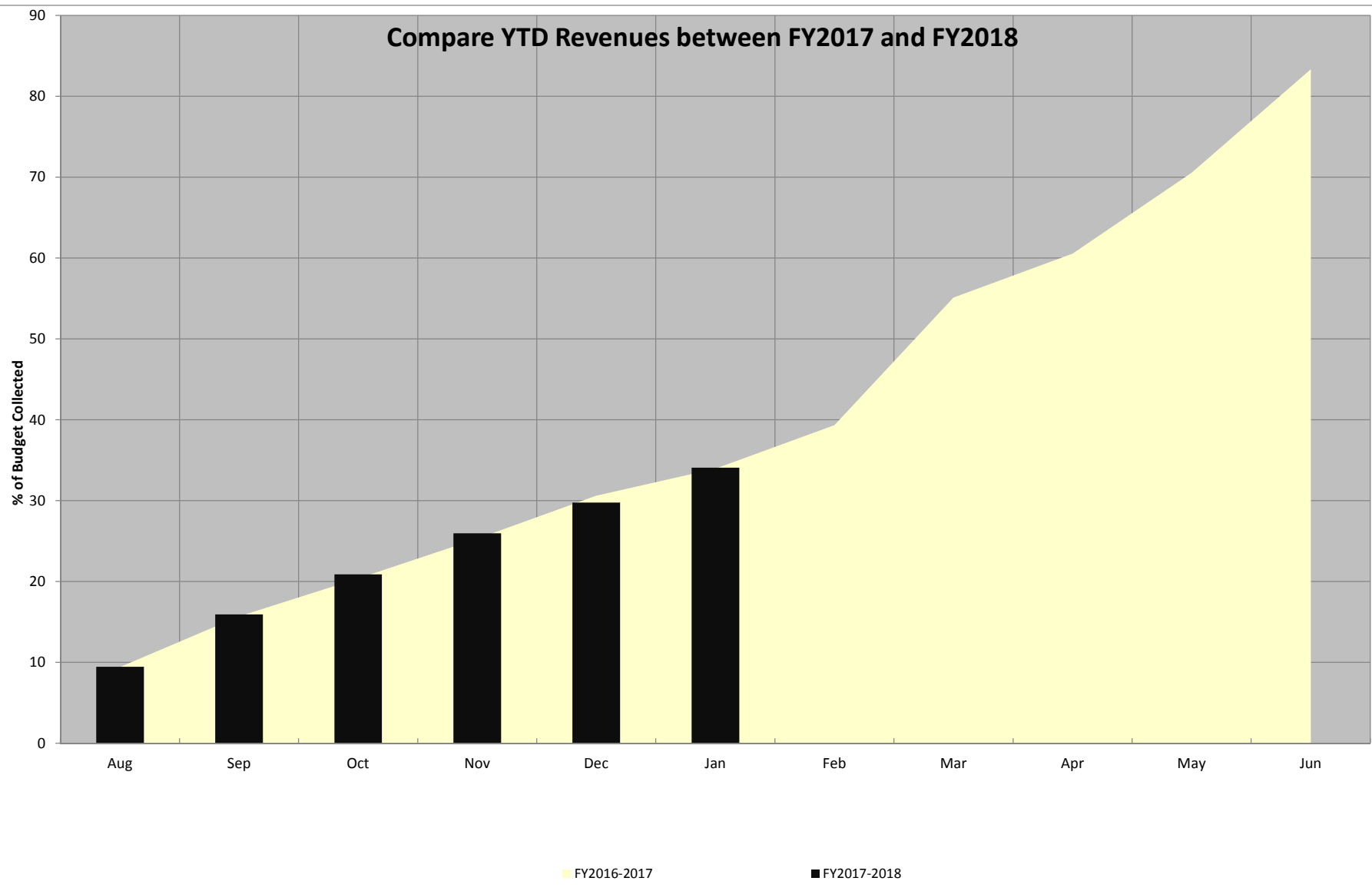
# General Fund Major Revenue Categories

Year-to-Date Budget to Actual through January 2018

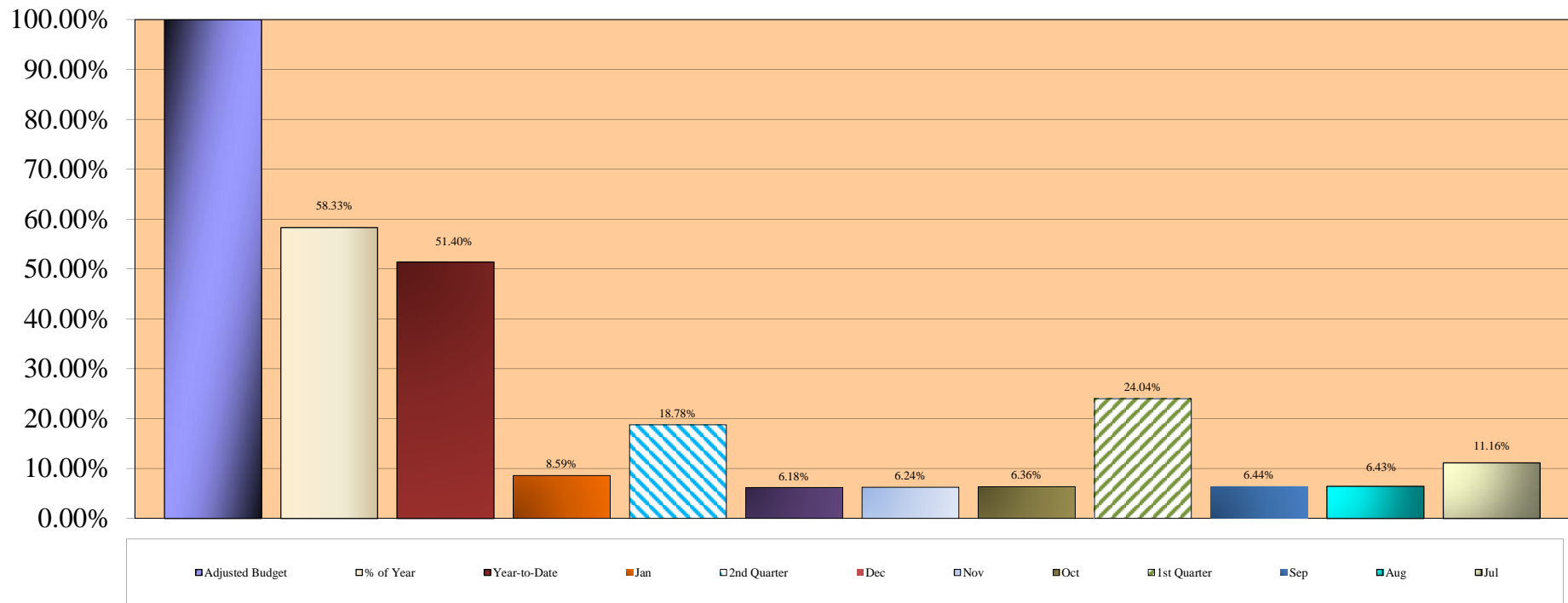
Compared to Year-to-Date Budget to Actual through January 2017



### Compare YTD Revenues between FY2017 and FY2018

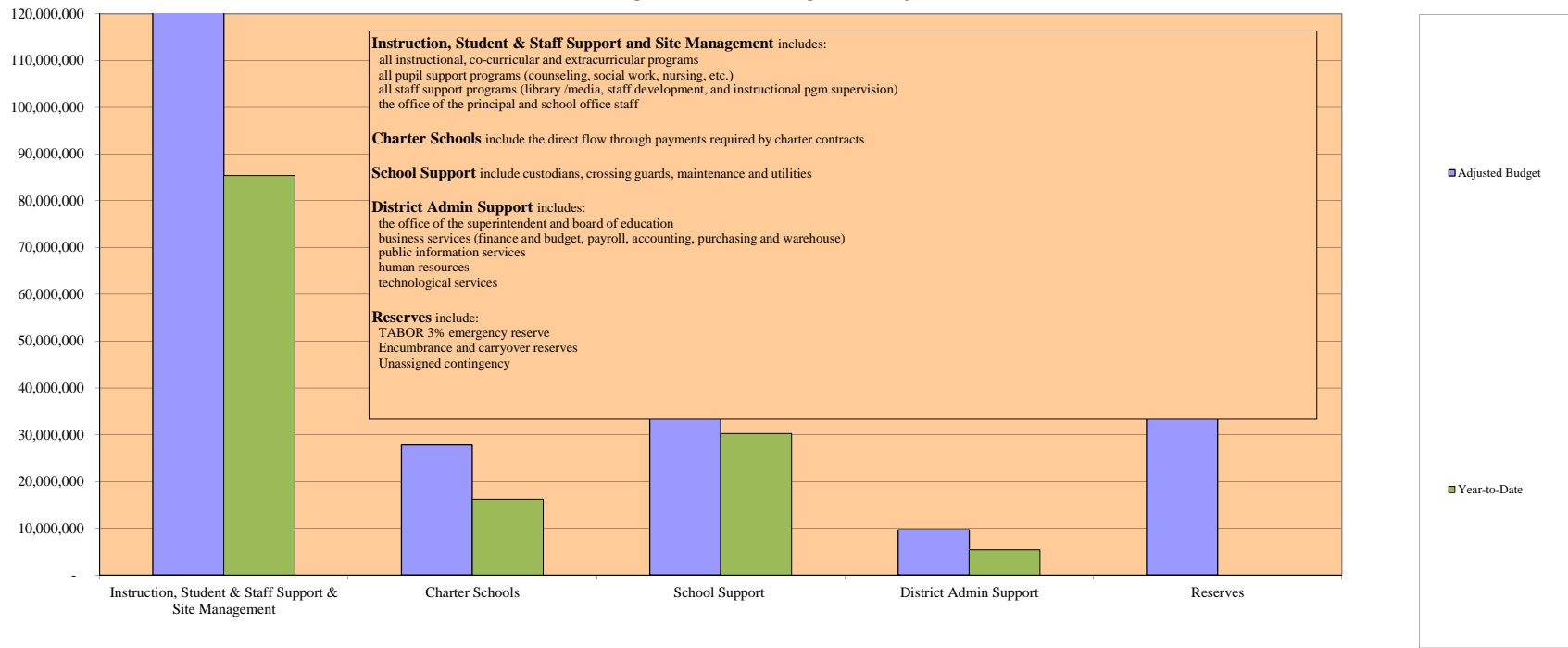


### General Fund Total Expenditures Budget to Actual Comparison by Month and Year-to-Date - Unaudited

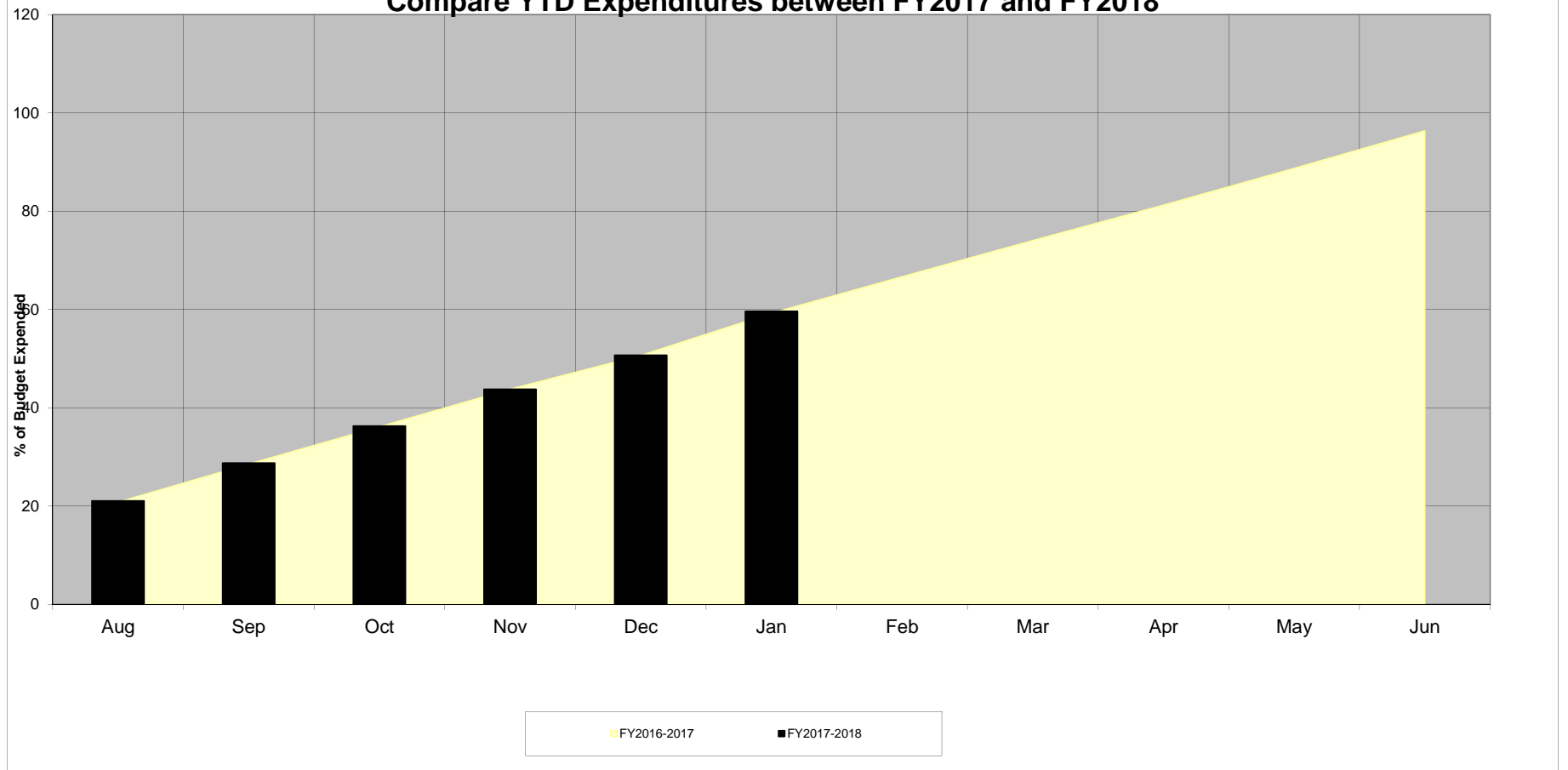




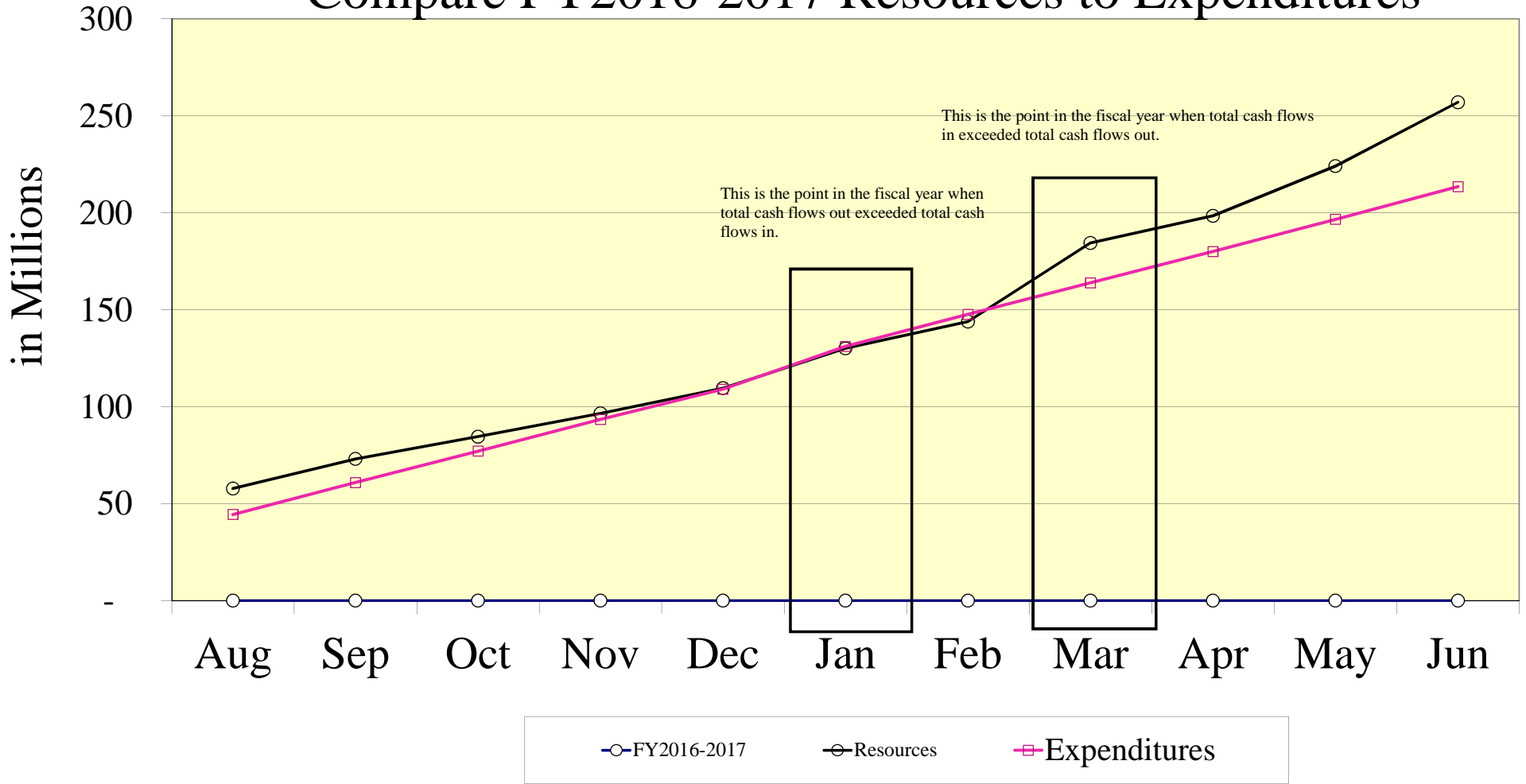
**General Fund Expenditures Budget To Actual by Major Program Category  
Year-to-Date Budget to Actual through January 2018**



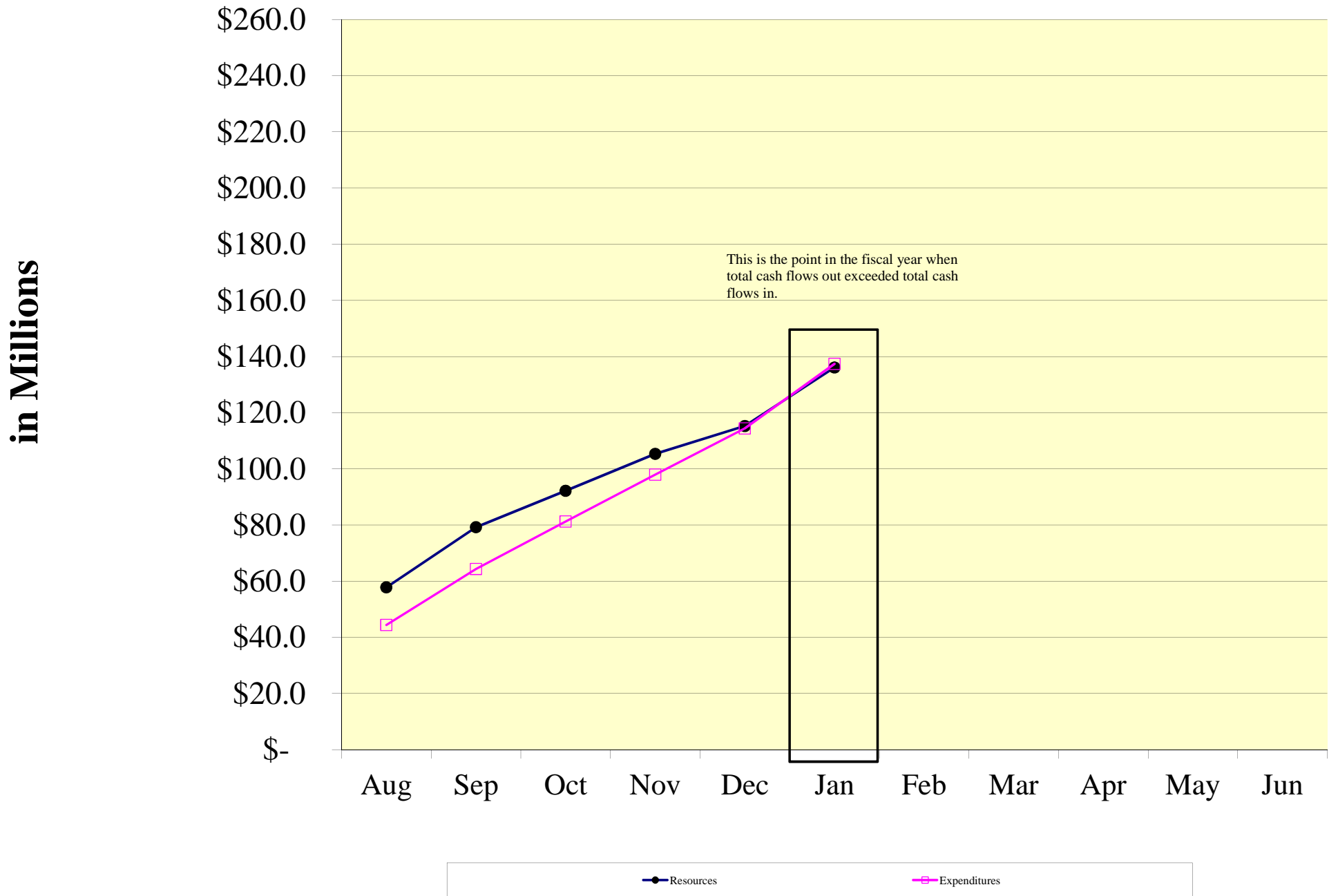
**Compare YTD Expenditures between FY2017 and FY2018**



# Compare FY2016-2017 Resources to Expenditures

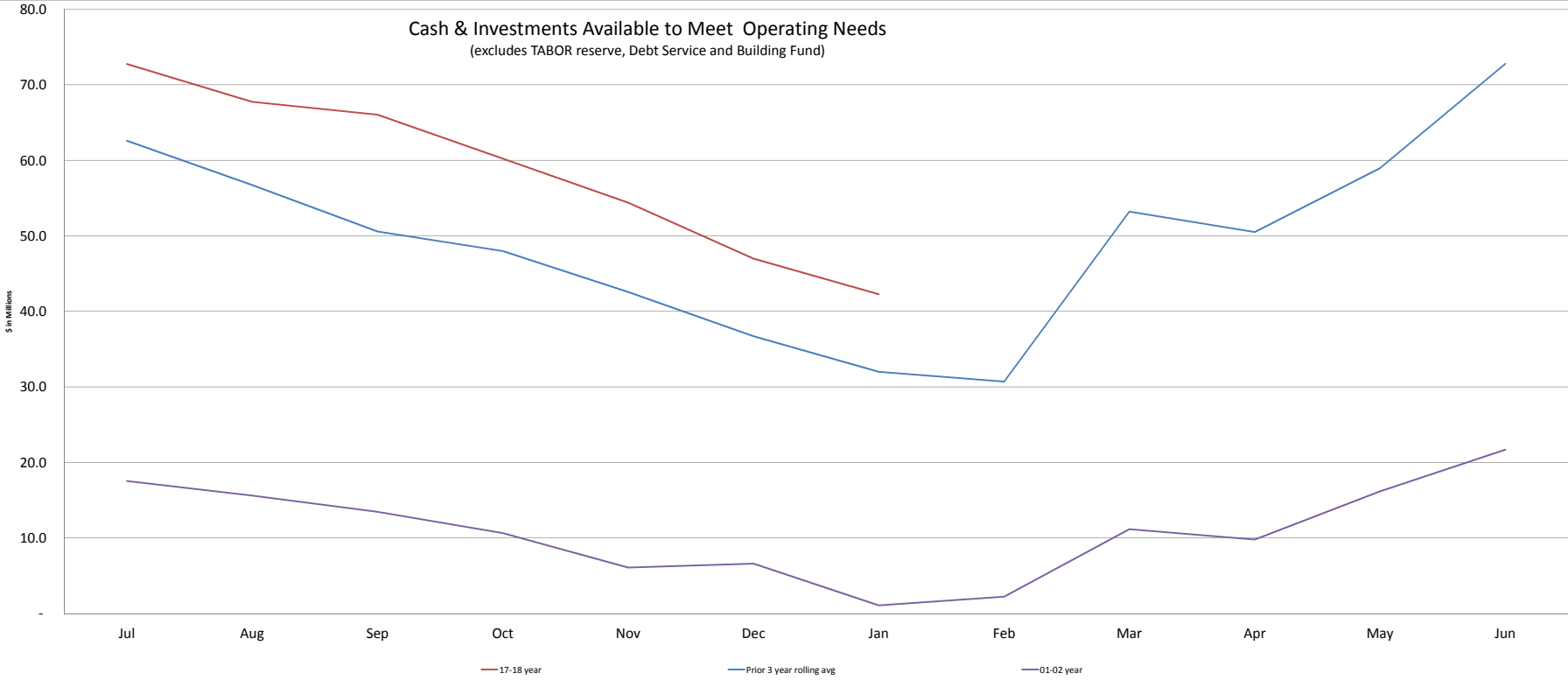


# Compare FY 2017-2018 Resources to Expenditures



### 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 January 2018**  
**Percent of Year Completed - 58.33%**

	Adjusted Budget	Actual	% of Actual Revenue to Adjusted Budget	Variance Adjusted Budget to Actual		FY2017 Budget	Final Actual	Variance Adjusted Budget to Actual		FY2016 % of Budget
				Budget to Actual	% of Budget			Budget to Actual	% of Budget	
Local Revenue	\$82,595,190	\$8,654,606	10.48%	(\$73,940,584)	3.24%	\$78,505,546	\$7,294,714	(\$71,210,832)	2.84%	
State Revenue	136,480,701	80,883,076	59.26%	(\$55,597,625)	30.27%	132,715,328	78,360,006	(\$54,355,322)	30.50%	
Federal Revenue	3,130,000	1,496,339	47.81%	(1,633,661)	0.56%	2,850,000	1,590,227	(1,259,773)	0.62%	
Total Revenue Budget	222,205,891	91,034,021	40.97%	(131,171,870)	34.07%	214,070,874	87,244,947	(126,825,927)	33.96%	
Fund Balance & Transfers	45,022,304	45,022,304		0	16.85%	42,864,125	42,864,125	0	16.68%	
<b>Total Revenue &amp; Fund Balance</b>	<b>\$267,228,195</b>	<b>\$136,056,325</b>		<b>(\$131,171,870)</b>	<b>50.91%</b>	<b>\$256,934,999</b>	<b>\$130,109,072</b>	<b>(\$126,825,927)</b>	<b>50.64%</b>	
<b>Object and Job Class</b>										
<b>Administrators</b>										
Salaries	\$12,262,390	\$7,102,899		\$5,159,491	57.92%	\$11,550,220	\$6,650,544	\$4,899,676	57.58%	
Benefits	3,049,070	1,732,286		1,316,784	56.81%	2,879,690	1,617,839	1,261,851	56.18%	
Subtotal	15,311,460	8,835,185		6,476,275	57.70%	14,429,910	8,268,383	6,161,527	57.30%	
<b>Teachers</b>										
Salaries	86,124,085	48,328,701		37,795,384	56.12%	82,869,907	47,076,381	35,793,526	56.81%	
Benefits	22,889,247	13,022,831		9,866,416	56.89%	22,329,902	12,361,556	9,968,346	55.36%	
Subtotal	109,013,332	61,351,532		47,661,800	56.28%	105,199,809	59,437,937	45,761,872	56.50%	
<b>Non-teaching Professionals</b>										
Salaries	1,954,808	1,155,359		799,449	59.10%	2,078,302	1,243,236	835,066	59.82%	
Benefits	505,388	323,529		181,859	64.02%	608,211	323,464	284,747	53.18%	
Subtotal	2,460,196	1,478,888		981,308	60.11%	2,686,513	1,566,700	1,119,813	58.32%	
<b>Paraprofessionals</b>										
Salaries	7,222,928	3,938,800		3,284,128	54.53%	6,885,973	3,735,893	3,150,080	54.25%	
Benefits	2,249,589	1,304,722		944,867	58.00%	2,487,135	1,194,853	1,292,282	48.04%	
Subtotal	9,472,517	5,243,522		4,228,995	55.36%	9,373,108	4,930,746	4,442,362	52.61%	
<b>Office &amp; Admin Support</b>										
Salaries	6,803,757	3,791,956		3,011,801	55.73%	6,601,683	3,764,436	2,837,247	57.02%	
Benefits	1,997,844	1,155,681		842,163	57.85%	2,070,368	1,097,603	972,765	53.01%	
Subtotal	8,801,601	4,947,637		3,853,964	56.21%	8,672,051	4,862,039	3,810,012	56.07%	
<b>Skilled Trades</b>										
Salaries	7,571,756	4,203,991		3,367,765	55.52%	6,602,499	3,803,815	2,798,684	57.61%	
Benefits	2,267,020	1,295,174		971,846	57.13%	2,098,650	1,122,885	975,765	53.51%	
Subtotal	9,838,776	5,499,165		4,339,611	55.89%	8,701,149	4,926,700	3,774,449	56.62%	
<b>Total Salaries &amp; Benefits</b>										
Salaries	121,939,724	68,521,706		53,418,018	56.19%	116,588,584	66,274,305	50,314,279	56.84%	
Benefits	32,958,158	18,834,223		14,123,935	57.15%	32,473,956	17,718,200	14,755,756	54.56%	
Subtotal	154,897,882	87,355,929		67,541,953	56.40%	149,062,540	83,992,505	65,070,035	56.35%	

**General Fund**  
**Operating Summary by Object**  
**Year to Date through January 2018**  
**Percent of Year Completed - 58.33%**

	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
<b>Non-Salaries</b>										
Purchased Professional & Technical Services	3,976,468	2,112,789		1,863,679	53.13%	2,815,937	1,987,963	1,987,963	827,974	70.60%
Purchased Property Services	3,067,870	1,725,306		1,342,564	56.24%	4,100,860	2,136,276	2,136,276	1,964,584	52.09%
Other Purchased Services	8,089,627	3,972,980		4,116,647	49.11%	7,667,297	3,514,867	3,514,867	4,152,430	45.84%
Subtotal	15,133,965	7,811,075		7,322,890	51.61%	14,584,094	7,639,106	7,639,106	6,944,988	52.38%
Supplies	11,805,485	5,422,444		6,383,041	45.93%	11,370,331	4,810,415	4,810,415	6,559,916	42.31%
Equipment	438,752	392,236		46,516	89.40%	673,314	448,757	448,757	224,557	66.65%
Other Expenses	690,360	427,272		263,088	61.89%	555,554	391,341	391,341	164,213	70.44%
Subtotal	12,934,597	6,241,952		6,692,645	48.26%	12,599,199	5,650,513	5,650,513	6,948,686	44.85%
Subtotal Expenditure Accounts	182,966,444	101,408,956		81,557,488	55.42%	176,245,833	97,282,124	97,282,124	78,963,709	55.20%
Transfer - Charter Schools	27,827,316	16,232,601		11,594,715	58.33%	27,132,214	15,554,427	15,554,427	11,577,787	57.33%
Transfer - CRCP Fund	8,579,244	8,579,244		0	100.00%	7,954,039	7,954,039	7,954,039	0	100.00%
Transfer - Transportation Fund	5,340,230	5,340,230		0	100.00%	5,106,180	5,106,180	5,106,180	0	100.00%
Transfer - Technology Fund	5,812,604	5,812,604		0	100.00%	5,242,475	5,242,475	5,242,475	0	100.00%
Subtotal	47,559,394	35,964,679		11,594,715	75.62%	45,434,908	33,857,121	33,857,121	11,577,787	74.52%
<b>Total Expenditure Accounts &amp; Transfers/Allocations</b>	<b>230,525,838</b>	<b>137,373,635</b>		<b>93,152,203</b>	<b>59.59%</b>	<b>221,680,741</b>	<b>131,139,245</b>	<b>131,139,245</b>	<b>90,541,496</b>	<b>59.16%</b>
TABOR Reserve	5,626,000	0		5,626,000	0.00%	5,387,000	0	0	5,387,000	0.00%
Contingency & Other Reserves	5,612,907	0		5,612,907	0.00%	5,498,132	0	0	5,498,132	0.00%
Reserve for encumbrance & unanticipated	25,463,450	0		25,463,450	0.00%	24,369,126	0	0	24,369,126	0.00%
Subtotal	36,702,357	0		36,702,357	0.00%	35,254,258	0	0	35,254,258	0.00%
<b>Total Appropriated Budget</b>	<b>\$267,228,195</b>	<b>\$137,373,635</b>		<b>\$129,854,560</b>	<b>51.41%</b>	<b>\$256,934,999</b>	<b>\$131,139,245</b>	<b>\$131,139,245</b>	<b>\$125,795,754</b>	<b>51.04%</b>
<b>Total Resources Over (Under)</b>										
<b>Total Expenditures</b>		<b>(\$1,317,310)</b>					<b>(\$1,030,173)</b>			