

ACADEMY 20 BOARD OF EDUCATION  
February 19, 2015

**Subject:** Monthly Financial Report through January 2015.

**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, Chief Financial Officer and Dr. Mark Hatchell, Superintendent

**Date:** February 9, 2015

# *Academy School District Twenty*

Dr. Mark Hatchell, *Superintendent of Schools*

*Education and Administration Center  
1110 Chapel Hills Drive, Colorado Springs, CO 80920  
Website: [www.asd20.org](http://www.asd20.org)*

*Phone: 719-234-1200  
Fax: 719-234-1299*

---

## **MEMORANDUM**

TO: Dr. Mark Hatchell, Superintendent  
Board of Education

FROM: Tom Gregory, District Fiscal Officer

DATE: February 9, 2015

SUBJECT: January Financial Report

## **REVENUES**

Graph #1 and Table #1 show that through January we have collected about 33.3% 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 31.7%. 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 FY2014. It is in these months that the majority of property taxes are paid to the district. Collections for FY2015 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 51.3%. There are several items that contribute to the spending percentage at this time of the year.

- 1) Non-Salary expenditures are lagging related to year-to-date percentages but generally pickup in late spring
- 2) The full transfer amounts were made to the Capital Reserve Capital Projects (CRCP), Transportation and Technology Funds in the month of July
- 3) teacher salaries for July and August are paid from their 2013-2014 salary schedule and will require an accrual for July and August 2015 so their salaries are lower as a percentage of budget spent than the other job classifications
- 4) 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
- 5) Many of the purchased services contracts are front-loaded with the entire 2014-2015 services billed and paid early in the year
- 6) A significant portion of the reserves (including TABOR) are unspent.

*"The mission of Academy School District 20 is to educate every student in a safe and nurturing environment and to provide comprehensive, challenging curricular and extracurricular opportunities that meet the unique needs of every individual by expanding interests, enhancing abilities, and equipping every student with the knowledge, skills, and character essential to being a responsible citizen of our community, our nation, and the world."*

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 (59.3%) are greater than last year (57.0%). The budgets for salaries/benefits and for non-salary expenditures have been increased, but not to the level of the expected growth in actuals, which increases the percentage spent. 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 FY2014 was virtually a straight line. The trend for FY2015 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 FY2014-2015 revenues and expenditures to FY2013-2014. Budget information presented for FY2013-2014 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 2014. The main reasons were due to the full transfers made to the CRCP, Transportation and Technology Funds in July 2013 and property taxes not collected until the spring 2014. It is important to note that in March 2014, 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". As expected, the Special Education revenue which is generally posted in September arrived in October. Our cash flow rebounded and is expected to follow a 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 19, 2014 the Board passed interfund borrowing resolution 150-14 for fiscal year 2014-2015. 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.

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 was set in January as required by the June 30, 2014 audited fund balance.

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 the required amounts for December principal and interest payments to our bond paying agents.

<b>Investments</b>	<b>Jan-15</b>	<b>Dec-14</b>	<b>Nov-14</b>	<b>Oct-14</b>	<b>Sep-14</b>
<b>General Fund Account</b>					
Colotrust	25,656,715	33,178,304	36,944,997	40,010,661	46,988,043
<b>Total General Fund</b>	<b>25,656,715</b>	<b>33,178,304</b>	<b>36,944,997</b>	<b>40,010,661</b>	<b>46,988,043</b>
<b>TABOR Account</b>					
Colotrust	4,853,000	4,593,000	4,593,000	4,593,000	4,593,000
<b>Total TABOR</b>	<b>4,853,000</b>	<b>4,593,000</b>	<b>4,593,000</b>	<b>4,593,000</b>	<b>4,593,000</b>
<b>Bond Redemption Account</b>					
Wells Fargo - Colotrust	9,104,789	9,105,914	24,708,200	24,610,816	24,630,761
<b>Total Bond Redemption</b>	<b>9,104,789</b>	<b>9,105,914</b>	<b>24,708,200</b>	<b>24,610,816</b>	<b>24,630,761</b>
<b>Total Investments</b>	<b>\$39,614,504</b>	<b>\$46,877,218</b>	<b>\$66,246,197</b>	<b>\$69,214,477</b>	<b>\$76,211,804</b>

Colotrust COP's (proceeds and interest) that were reported with the Building Fund Accounts during construction are now included with the Colotrust General Fund Account pooled investments. Interest earned on the COP's is available for appropriation in the Capital Reserve Capital Projects Fund.

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.

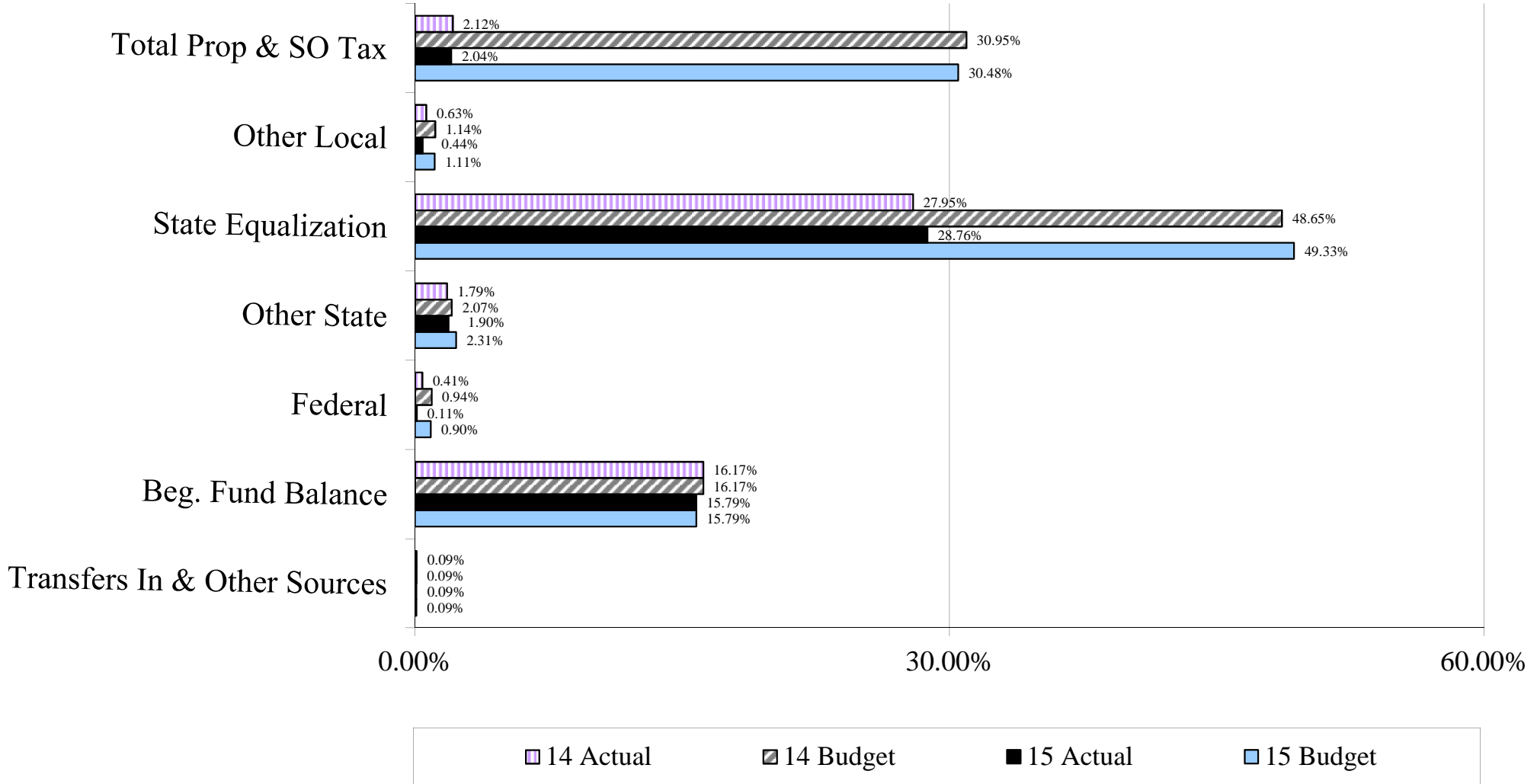
**January 2015**

**General Fund**

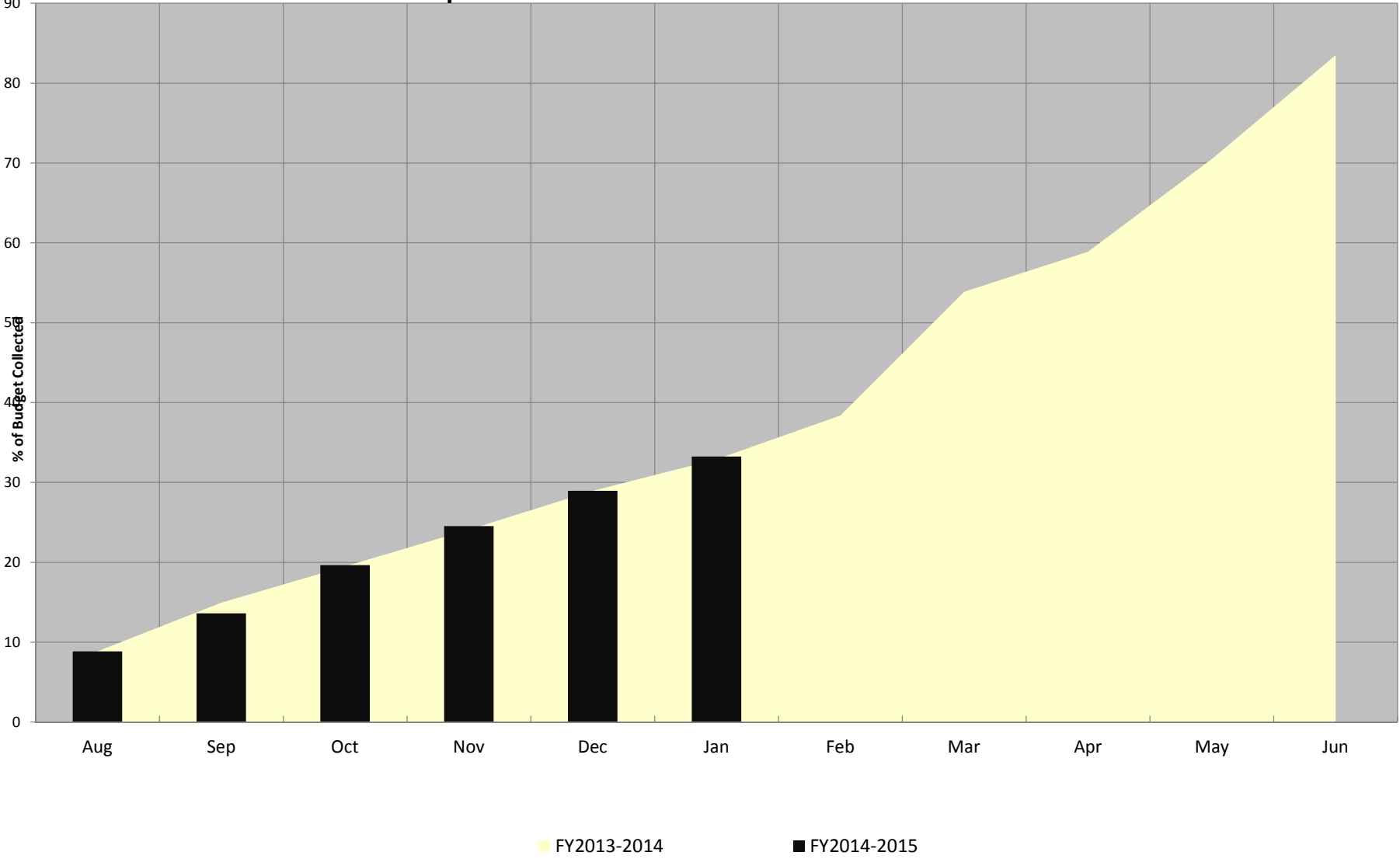
**Financial Report**

## General Fund Major Revenue Categories

### Year-to-Date Budget to Actual through January 2015 Compared to Year-to-Date Budget to Actual through January 2014

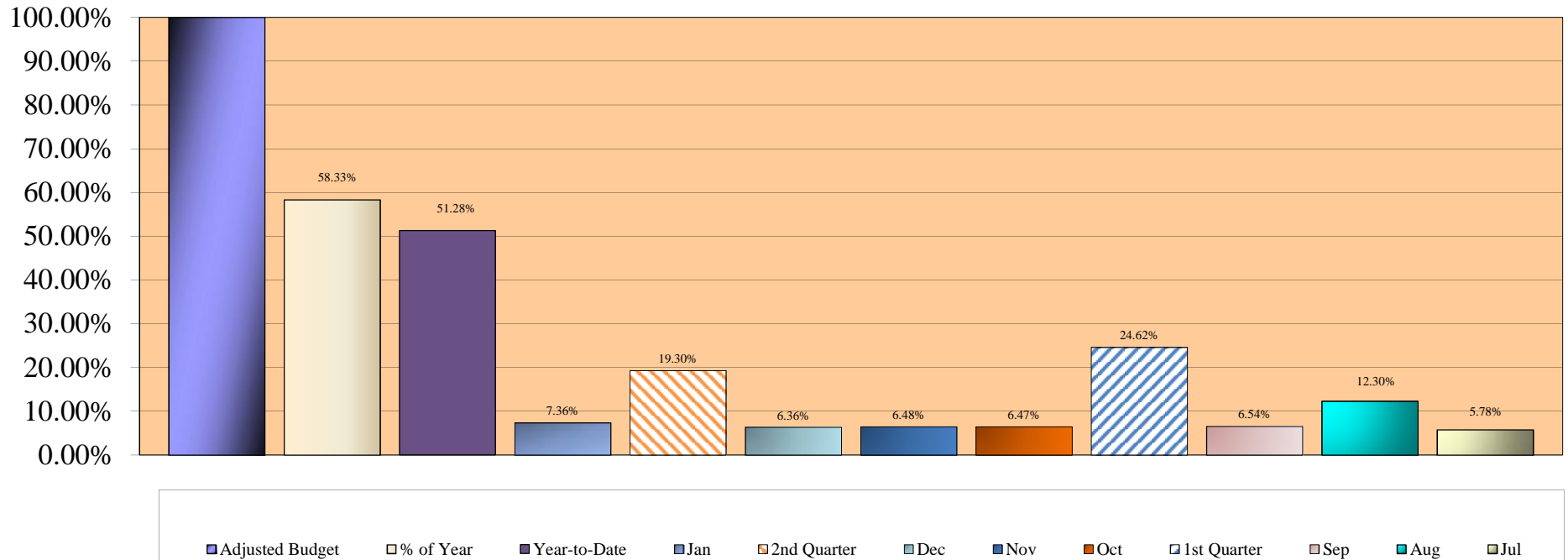


Compare YTD Revenues between FY2013 and FY2014

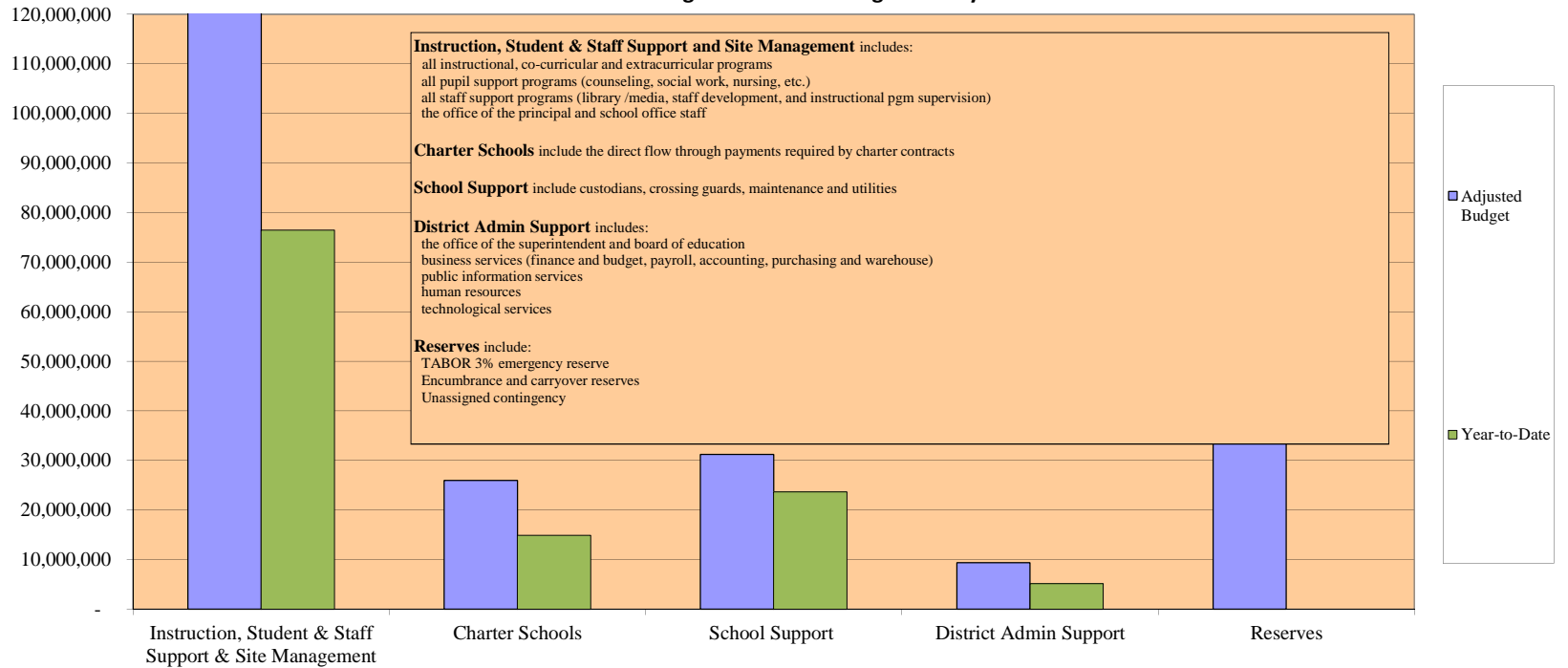




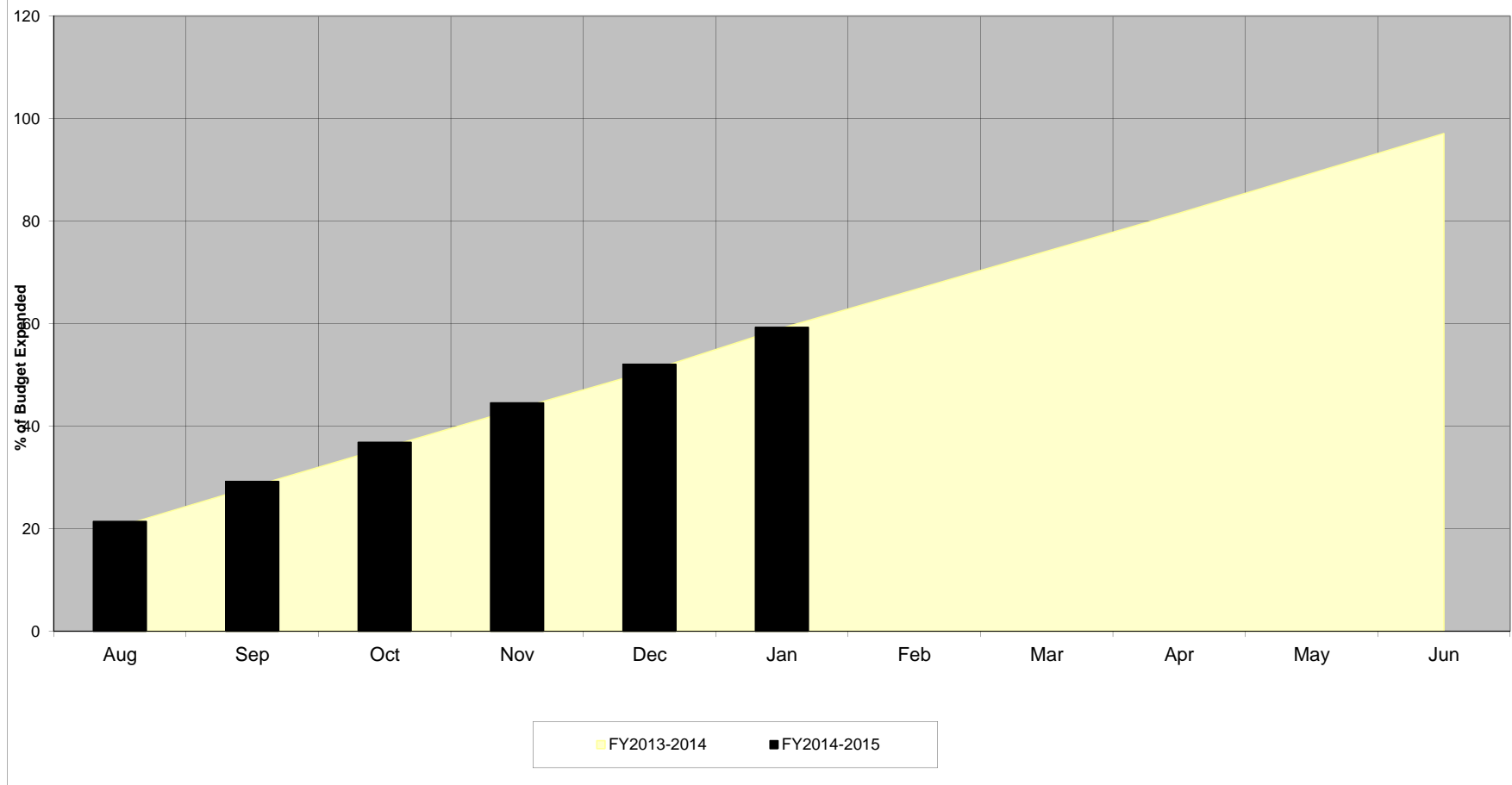
### General Fund Total Expenditures Budget to Actual Comparison by Month and Year-to-Date - Unaudited



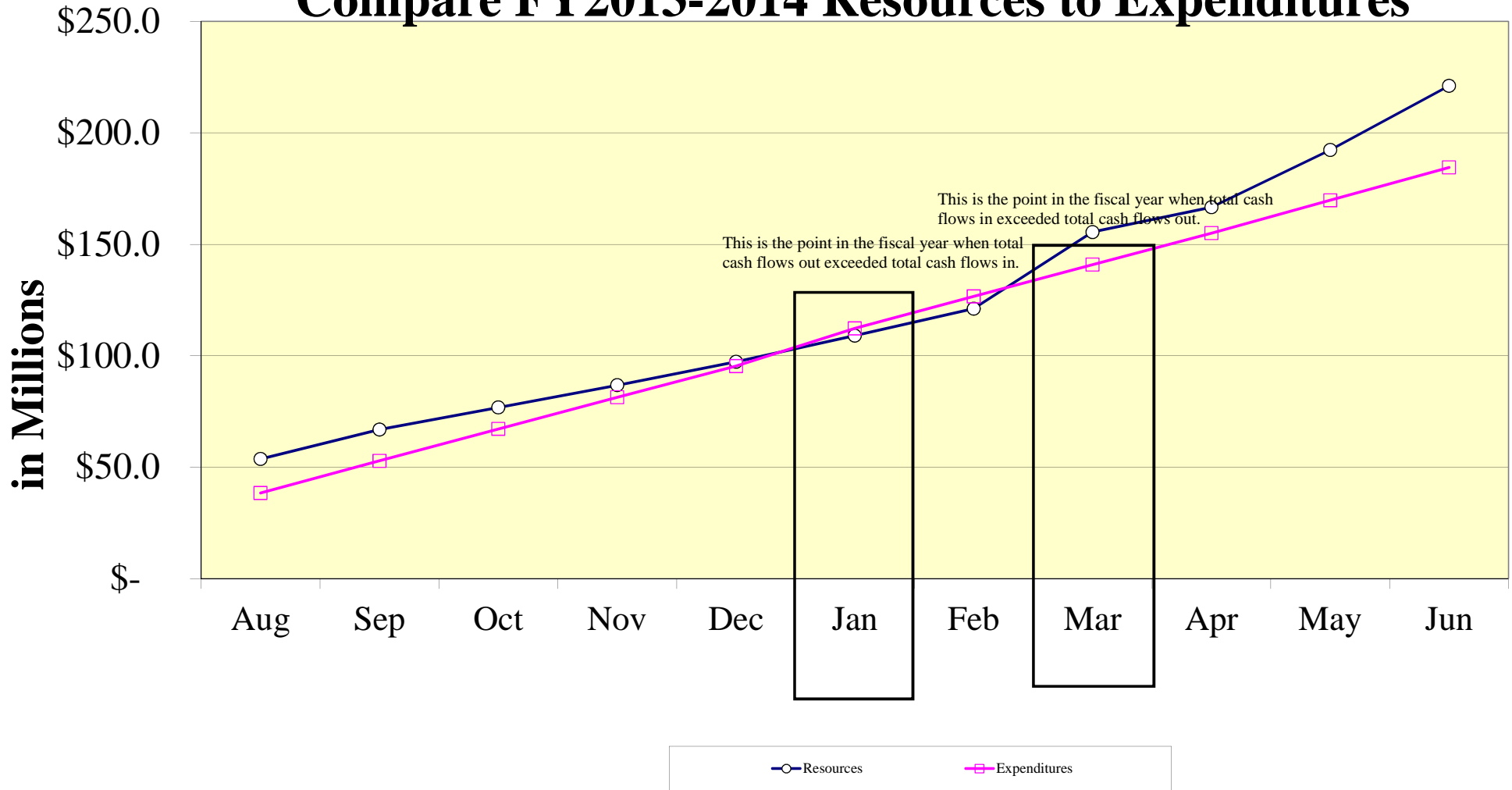
**General Fund Expenditures Budget To Actual by Major Program Category  
Year-to-Date Budget to Actual through January 2015**



**Compare YTD Expenditures between FY2013 and FY2014**

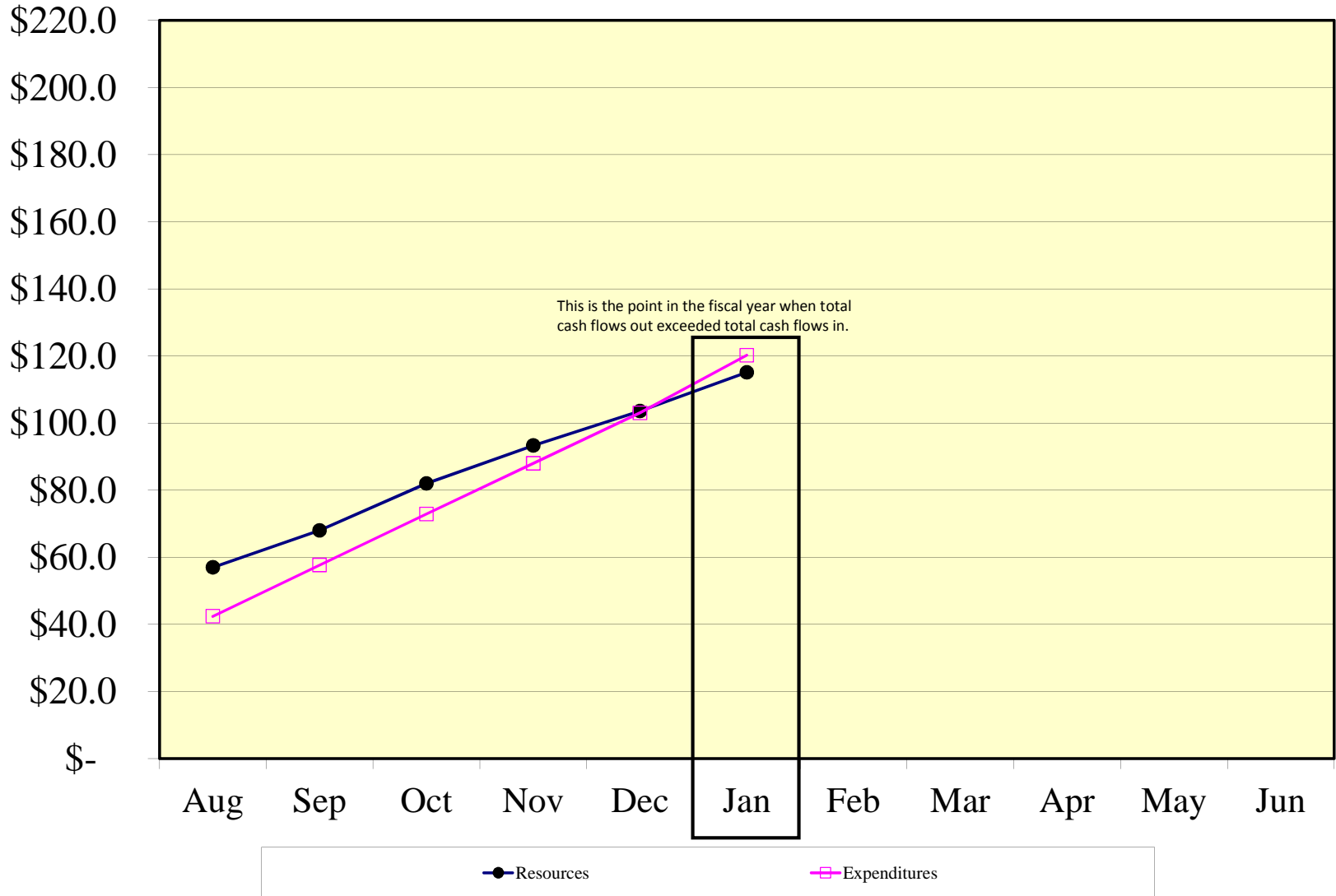


# Compare FY2013-2014 Resources to Expenditures

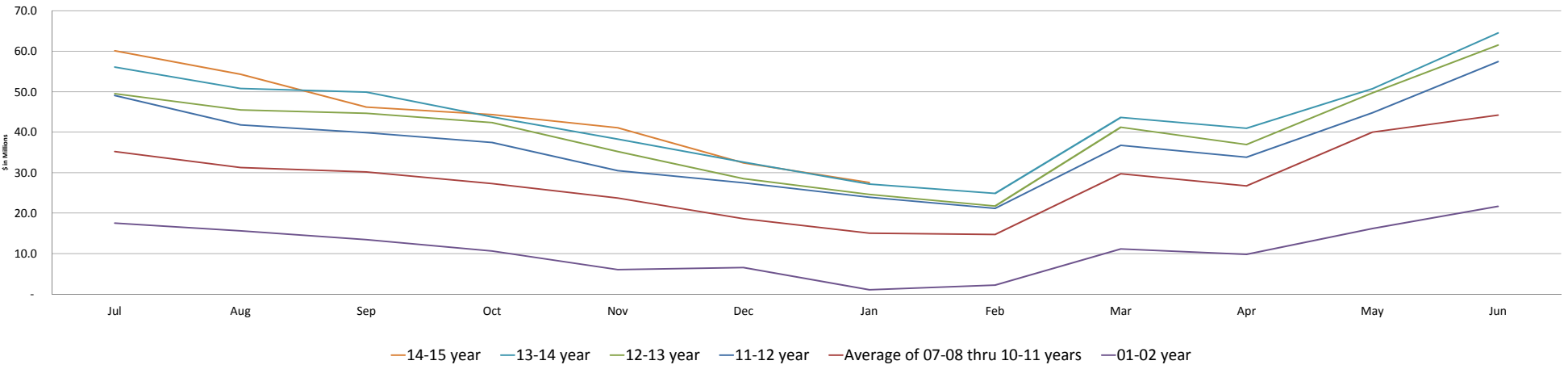


# Compare FY 2014-2015 Resources to Expenditures

in Millions



Cash & Investments Available to Meet Operating Needs  
 (excludes TABOR reserve and Debt Service)



**General Fund**  
**Operating Summary by Object**  
**Year to Date through Jan 2015**  
**Percent of Year Completed - 58.3%**

	Adjusted Budget	Actual	% of Actual Revenue to Adjusted Budget	Variance Adjusted Budget to Actual	% of Budget	FY2014 Final Budget	FY2014 Actual	Variance Adjusted Budget to Actual	FY2014 % of Budget
Local Revenue	\$74,042,899	\$5,813,715	7.85%	(\$68,229,184)	2.48%	\$71,124,957	\$5,845,125	(\$65,279,832)	2.64%
State Revenue	121,039,299	71,851,608	59.36%	(49,187,691)	30.65%	112,422,442	62,027,357	(50,395,085)	27.98%
Federal Revenue	2,100,000	266,389	12.69%	(1,833,611)	0.11%	2,080,000	2,386,342	306,342	1.08%
Total Revenue Budget	197,182,198	77,931,712	39.52%	(119,250,486)	33.25%	185,627,399	70,258,824	(115,368,575)	31.69%
Fund Balance & Transfers	37,208,467	37,208,467		0	15.87%	36,055,032	32,952,300	-3,102,732	14.86%
<b>Total Revenue &amp; Fund Balance</b>	<b>\$234,390,665</b>	<b>\$115,140,179</b>		<b>(\$119,250,486)</b>	<b>49.12%</b>	<b>\$221,682,431</b>	<b>\$103,211,124</b>	<b>(\$118,471,307)</b>	<b>46.56%</b>
<b>Object and Job Class</b>									
<b>Administrators</b>									
Salaries	\$10,867,405	\$6,382,047		\$4,485,358	58.73%	\$10,460,288	\$5,977,098	\$4,483,190	57.14%
Benefits	2,538,320	1,421,922		1,116,398	56.02%	2,327,370	1,244,172	1,083,198	53.46%
Subtotal	13,405,725	7,803,969		5,601,756	58.21%	12,787,658	7,221,270	5,566,388	56.47%
<b>Teachers</b>									
Salaries	79,055,586	45,505,247		33,550,339	57.56%	75,481,730	42,977,192	32,504,538	56.94%
Benefits	20,044,481	11,258,696		8,785,785	56.17%	18,274,750	9,636,551	8,638,199	52.73%
Subtotal	99,100,067	56,763,943		42,336,124	57.28%	93,756,480	52,613,743	41,142,737	56.12%
<b>Non-teaching Professionals</b>									
Salaries	1,950,361	1,132,174		818,187	58.05%	1,781,290	960,829	820,461	53.94%
Benefits	518,194	285,589		232,605	55.11%	425,530	224,074	201,456	52.66%
Subtotal	2,468,555	1,417,763		1,050,792	57.43%	2,206,820	1,184,903	1,021,917	53.69%
<b>Paraprofessionals</b>									
Salaries	5,938,464	3,373,175		2,565,289	56.80%	5,637,033	2,960,272	2,676,761	52.51%
Benefits	1,887,404	1,053,023		834,381	55.79%	1,654,465	868,140	786,325	52.47%
Subtotal	7,825,868	4,426,198		3,399,670	56.56%	7,291,498	3,828,412	3,463,086	52.51%
<b>Office &amp; Admin Support</b>									
Salaries	6,361,531	3,773,158		2,588,373	59.31%	6,023,130	3,551,816	2,471,314	58.97%
Benefits	1,842,960	1,022,364		820,596	55.47%	1,665,213	898,613	766,600	53.96%
Subtotal	8,204,491	4,795,522		3,408,969	58.45%	7,688,343	4,450,429	3,237,914	57.89%
<b>Skilled Trades</b>									
Salaries	6,401,752	3,732,165		2,669,587	58.30%	6,252,196	3,637,901	2,614,295	58.19%
Benefits	1,859,056	1,049,363		809,693	56.45%	1,749,818	895,486	854,332	51.18%
Subtotal	8,260,808	4,781,528		3,479,280	57.88%	8,002,014	4,533,387	3,468,627	56.65%
<b>Total Salaries &amp; Benefits</b>									
Salaries	110,575,099	63,897,966		46,677,133	57.79%	105,635,667	60,065,108	45,570,559	56.86%
Benefits	28,690,415	16,090,957		12,599,458	56.08%	26,097,146	13,767,036	12,330,110	52.75%
Subtotal	139,265,514	79,988,923		59,276,591	57.44%	131,732,813	73,832,144	57,900,669	56.05%

**General Fund**  
**Operating Summary by Object**  
**Year to Date through Jan 2015**  
**Percent of Year Completed - 58.3%**

	Adjusted Budget	Actual	% of Actual Revenue to Adjusted Budget	Variance		FY2014 Final Budget	FY2014 Actual	Variance	
				Adjusted Budget to Actual	% of Budget			Adjusted Budget to Actual	FY2014 % of Budget
<b>Non-Salaries</b>									
Purchased Professional & Technical Services	2,233,944	1,417,921		816,023	63.47%	2,275,715	788,282	1,487,433	34.64%
Purchased Property Services	3,655,623	2,230,263		1,425,360	61.01%	3,474,780	2,325,430	1,149,350	66.92%
Other Purchased Services	6,379,464	2,972,556		3,406,908	46.60%	4,543,314	2,968,046	1,575,268	65.33%
Subtotal	12,269,031	6,620,740		5,648,291	53.96%	10,293,809	6,081,758	4,212,051	59.08%
Supplies	10,988,605	4,676,271		6,312,334	42.56%	10,497,787	4,016,086	6,481,701	38.26%
Equipment	327,490	326,878		612	99.81%	156,041	132,006	24,035	84.60%
Other Expenses	594,916	301,105		293,811	50.61%	433,968	322,107	111,861	74.22%
Subtotal	11,911,011	5,304,254		6,606,757	44.53%	11,087,796	4,470,199	6,617,597	40.32%
Subtotal Expenditure Accounts	163,445,556	91,913,917		71,531,639	56.24%	153,114,418	84,384,101	68,730,317	55.11%
Transfer - Charter Schools	25,992,865	14,888,755		11,104,110	57.28%	23,335,967	13,070,454	10,265,513	56.01%
Transfer - CRCP Fund	3,252,470	3,252,470		0	100.00%	3,349,915	3,351,863	-1,948	0.00%
Transfer - Transportation Fund	5,090,190	5,090,190		0	100.00%	4,465,052	3,328,265	1,136,787	74.54%
Transfer - Technology Fund	5,058,490	5,058,490		0	100.00%	4,262,687	3,357,526	905,161	78.77%
Subtotal	39,394,015	28,289,905		11,104,110	71.81%	35,413,621	23,108,108	12,305,513	65.25%
<b>Total Expenditure Accounts &amp; Transfers/Allocations</b>	<b>202,839,571</b>	<b>120,203,822</b>		<b>82,635,749</b>	<b>59.26%</b>	<b>188,528,039</b>	<b>107,492,209</b>	<b>81,035,830</b>	<b>57.02%</b>
TABOR Reserve	4,853,000	0		4,853,000	0.00%	4,593,000	0	4,593,000	0.00%
Contingency & Other Reserves	4,882,369	0		4,882,369	0.00%	7,186,540	0	7,186,540	0.00%
Reserve for encumbrance & unanti	21,815,725	0		21,815,725	0.00%	21,374,852	0	21,374,852	0.00%
Subtotal	31,551,094	0		31,551,094	0.00%	33,154,392	0	33,154,392	0.00%
<b>Total Appropriated Budget</b>	<b>\$234,390,665</b>	<b>\$120,203,822</b>		<b>\$114,186,843</b>	<b>51.28%</b>	<b>\$221,682,431</b>	<b>\$107,492,209</b>	<b>\$114,190,222</b>	<b>48.49%</b>
<b>Total Resources Over (Under)</b>									
<b>Total Expenditures</b>		<b>(\$5,063,643)</b>					<b>(\$4,281,085)</b>		