

ACADEMY 20 BOARD OF EDUCATION  
February 18, 2016

**Subject:** Monthly Financial Report through January 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, Chief Financial Officer and Dr. Mark Hatchell, Superintendent

**Date:** February 9, 2016

## MEMORANDUM

TO: Dr. Mark Hatchell, Superintendent  
Board of Education

FROM: Tom Gregory, Chief Financial Officer

DATE: February 9, 2016

SUBJECT: January Financial Report

### REVENUES

Graph #1 and Table #1 show that through January we have collected about 33.9% 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 33.3%. 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 FY2015. It is in these months that the majority of property taxes are paid to the district. Collections for FY2016 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 50.8%. 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 2014-2015 salary schedule and will require an accrual for July and August 2016 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 2015-2016 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 (58.7%) are comparable to last year (59.2%). Table #1 of the report compares General Fund original budget, adjusted budget, year-to-date actual and variance information for FY2015-2016 revenues and expenditures to FY2014-2015. Budget information presented for FY2014-2015 includes all adjustments for the Midyear modification as well as contingency reserve transfers made during the year.

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 FY2015 was virtually a straight line. The trend for FY2016 should follow a very similar pattern.

## **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 2015. The main reasons were due to the full transfers made to the CRCP, Transportation and Technology Funds in July 2014 and property taxes not collected until the spring 2015. It is important to note that in March 2015, 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 eleven fiscal years were such that we did not borrow funds from any external source. On June 18, 2015 the Board passed interfund borrowing resolution 158-15 for fiscal year 2015-2016. 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 will be set as required by the June 30, 2015 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-16</b>	<b>Dec-15</b>	<b>Nov-15</b>	<b>Oct-15</b>	<b>Sep-15</b>
<b>General Fund Account</b>					
Colotrust	28,795,455	31,534,029	39,962,135	43,439,649	49,232,839
<b>Total General Fund</b>	28,795,455	31,534,029	39,962,135	43,439,649	49,232,839
<b>TABOR Account</b>					
Colotrust	5,132,000	5,132,000	5,132,000	5,132,000	4,853,000
<b>Total TABOR</b>	5,132,000	5,132,000	5,132,000	5,132,000	4,853,000
<b>Bond Redemption Account</b>					
Wells Fargo - Colotrust	7,959,026	7,953,805	23,825,451	23,761,494	23,700,797
<b>Total Bond Redemption</b>	7,959,026	7,953,805	23,825,451	23,761,494	23,700,797
<b>Total Investments</b>	<b>\$41,886,481</b>	<b>\$44,619,834</b>	<b>\$68,919,586</b>	<b>\$72,333,143</b>	<b>\$77,786,636</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.

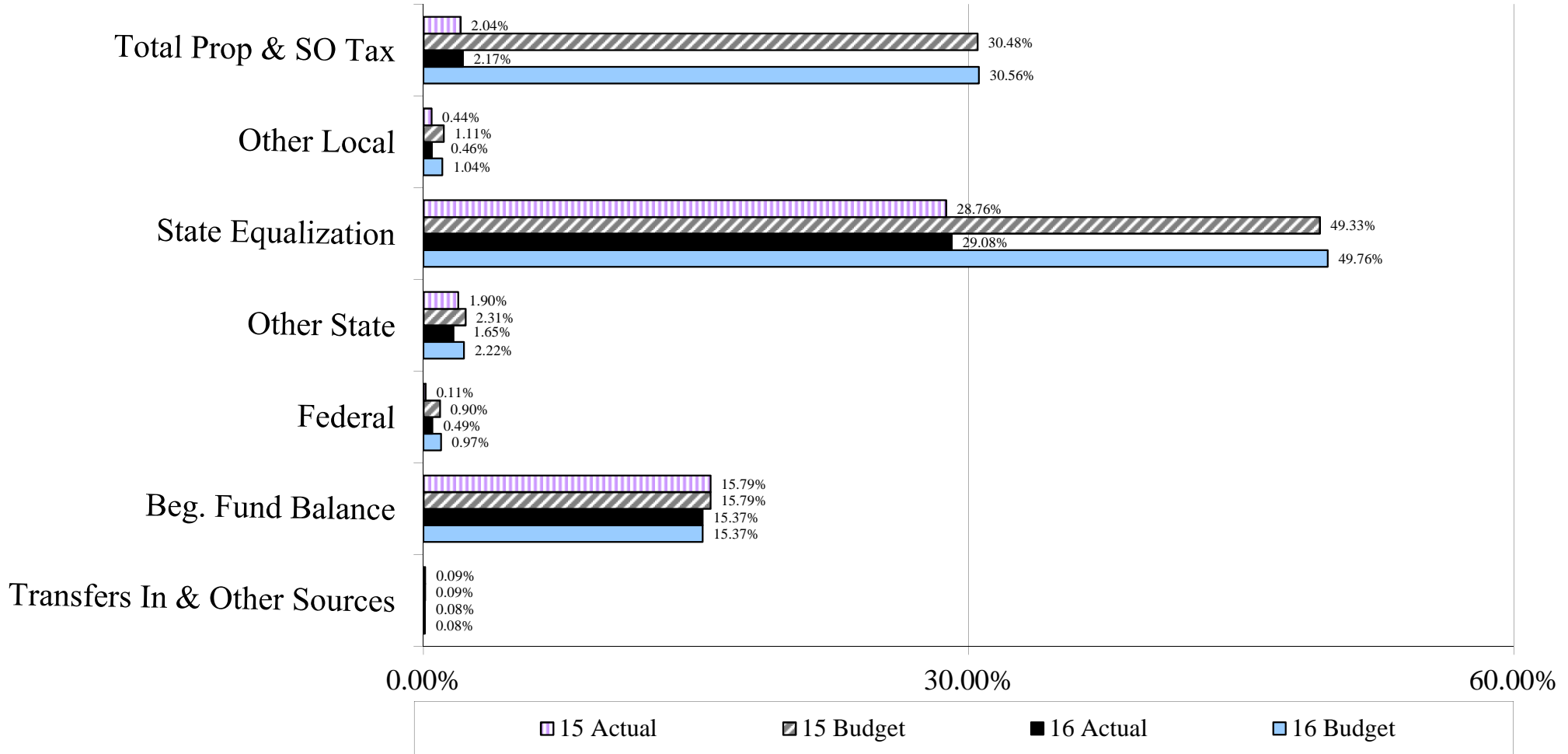
**January 2016**

**General Fund**

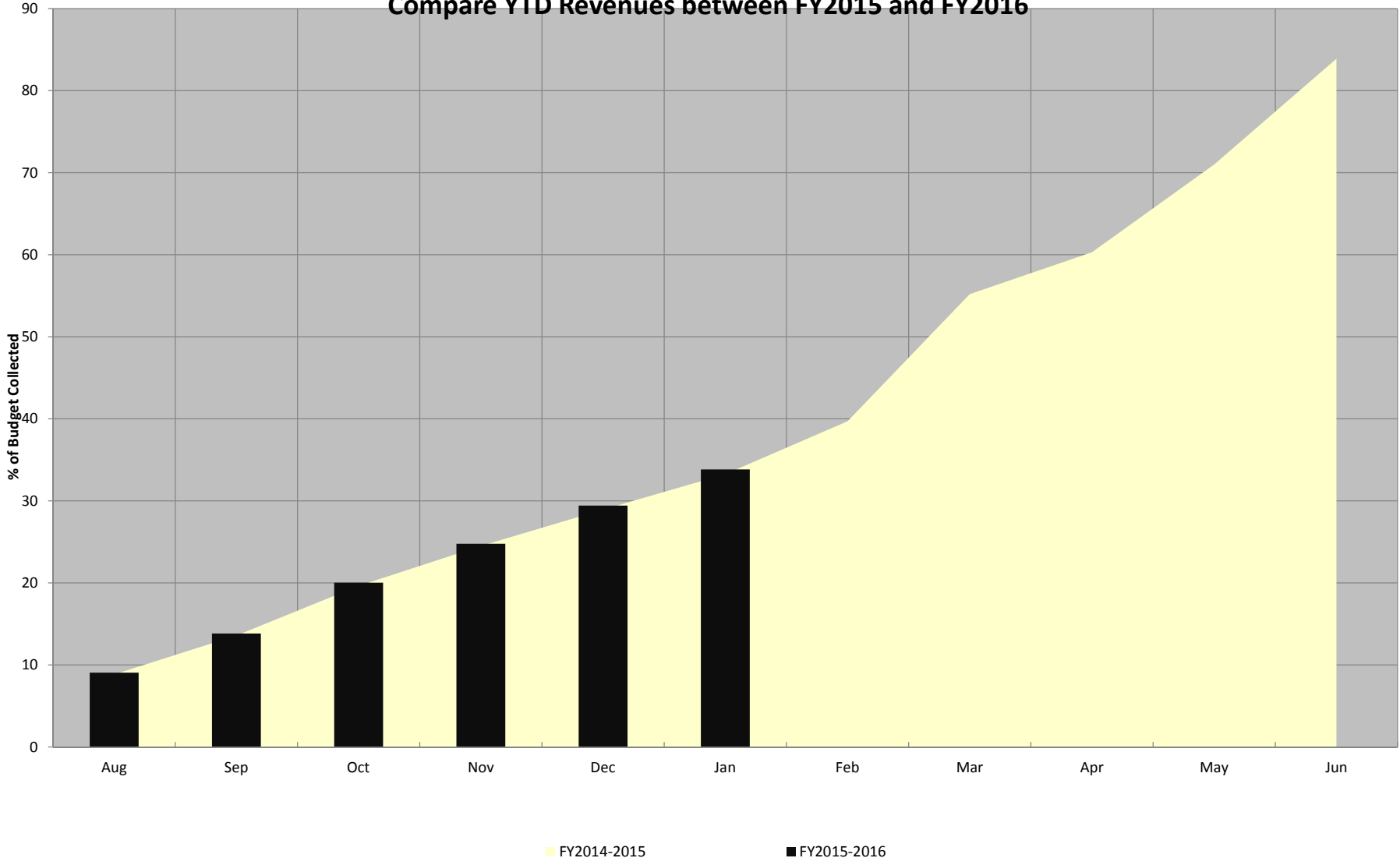
**Financial Report**

## General Fund Major Revenue Categories

### Year-to-Date Budget to Actual through January 2016 Compared to Year-to-Date Budget to Actual through January 2015

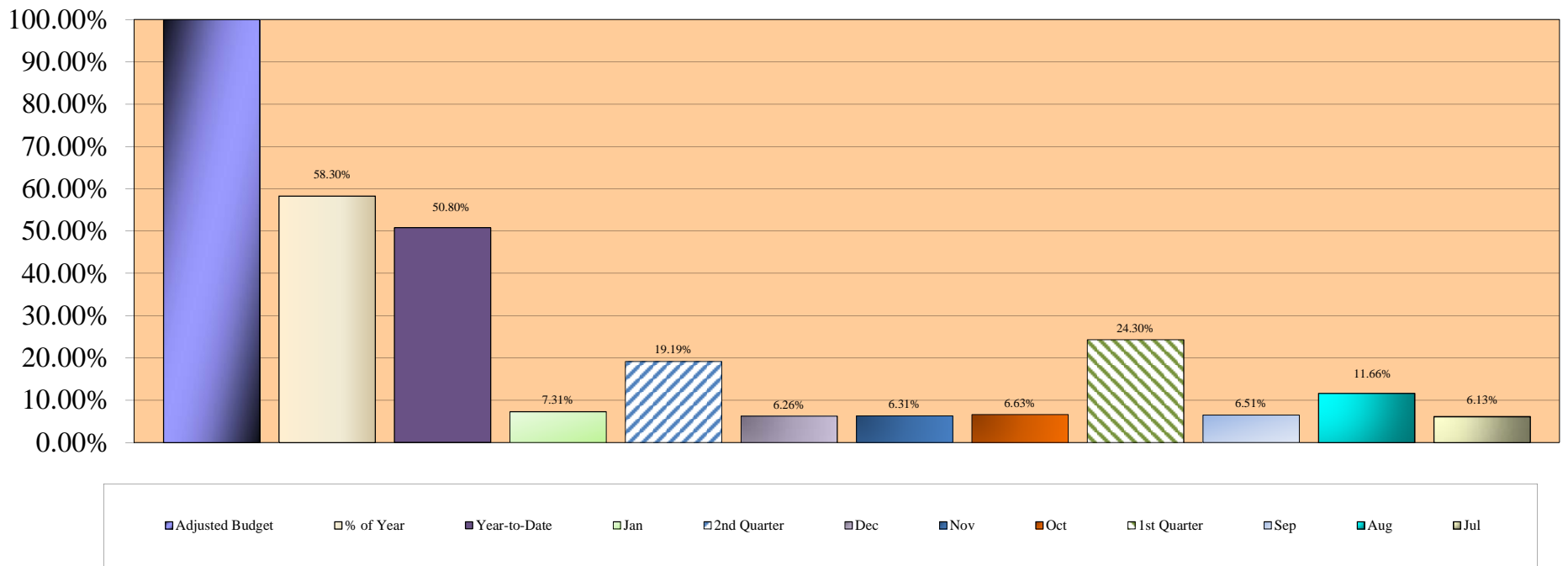


Compare YTD Revenues between FY2015 and FY2016

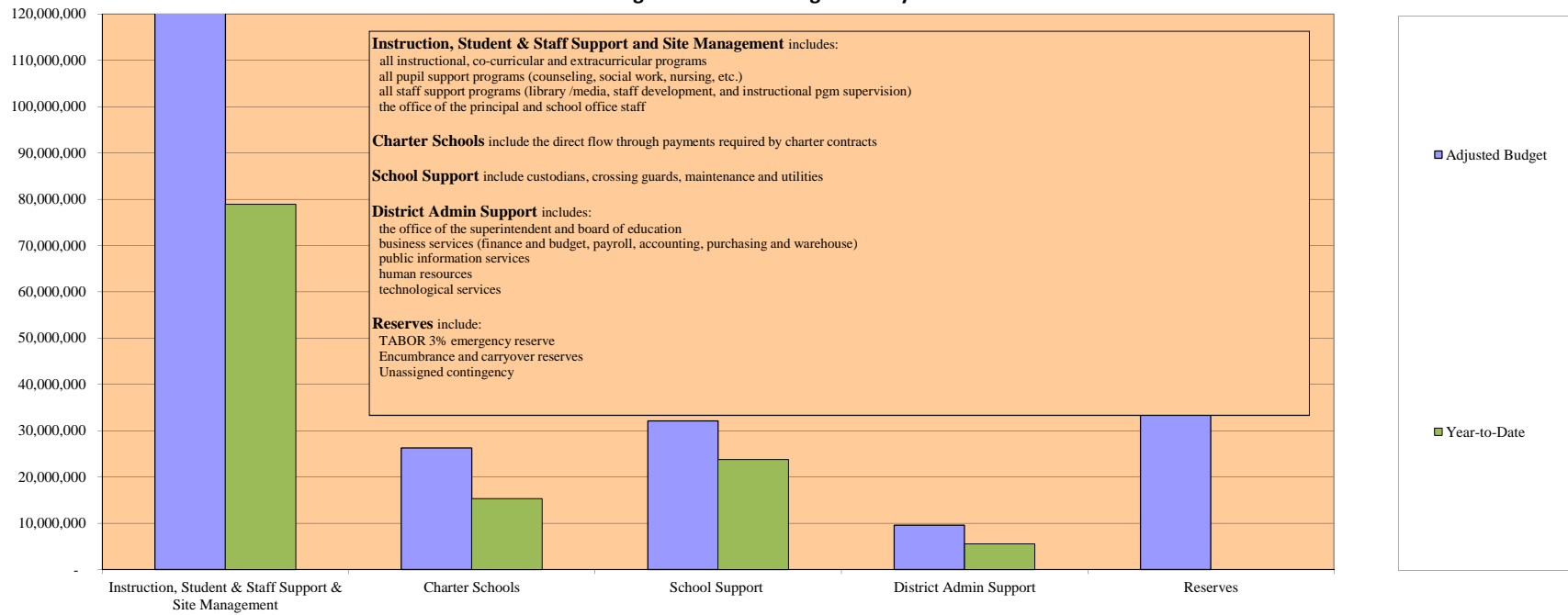




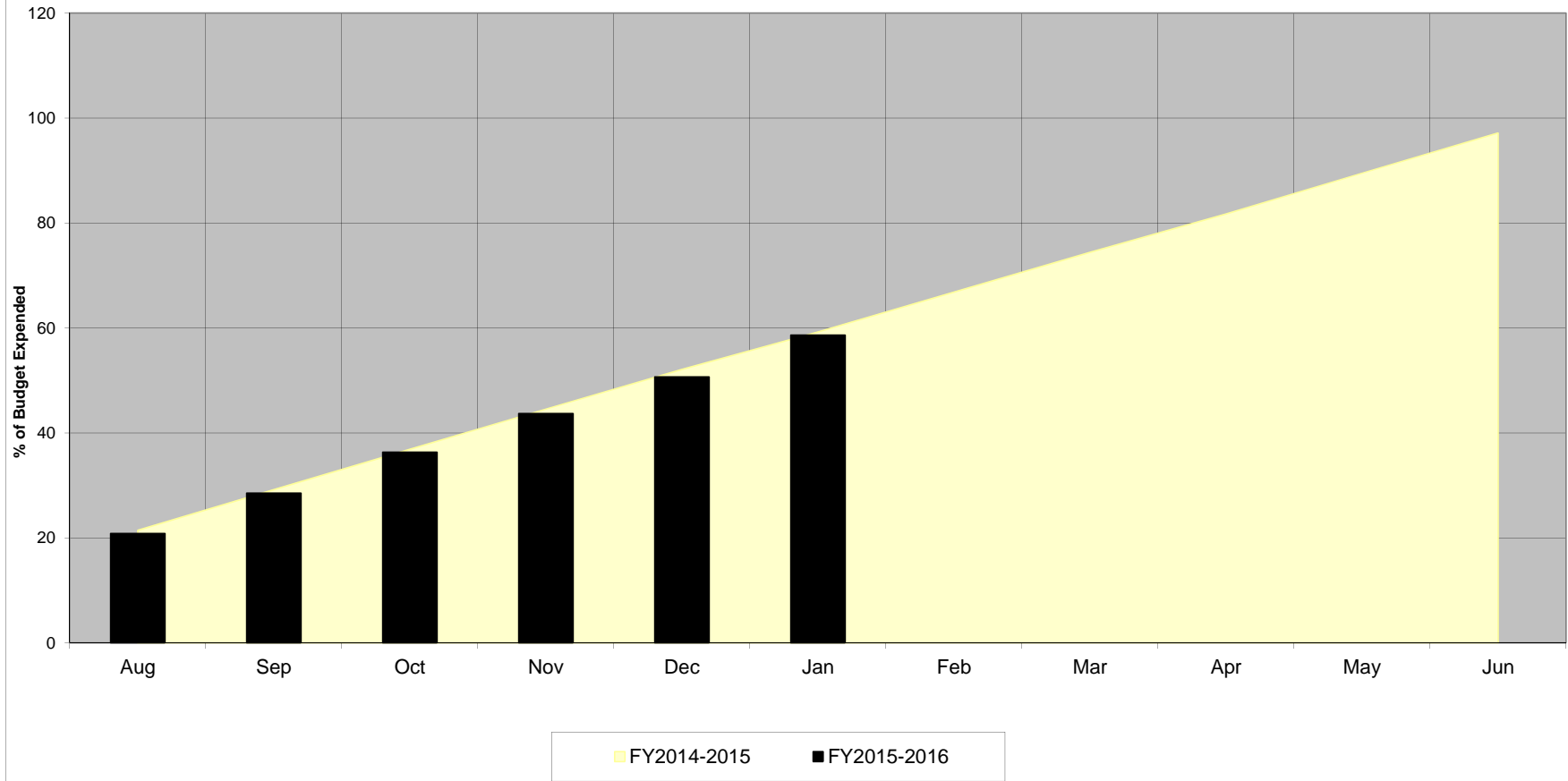
### General Fund Total Expenditures Budget to Actual Comparison by Month and Year-to-Date - Unaudited



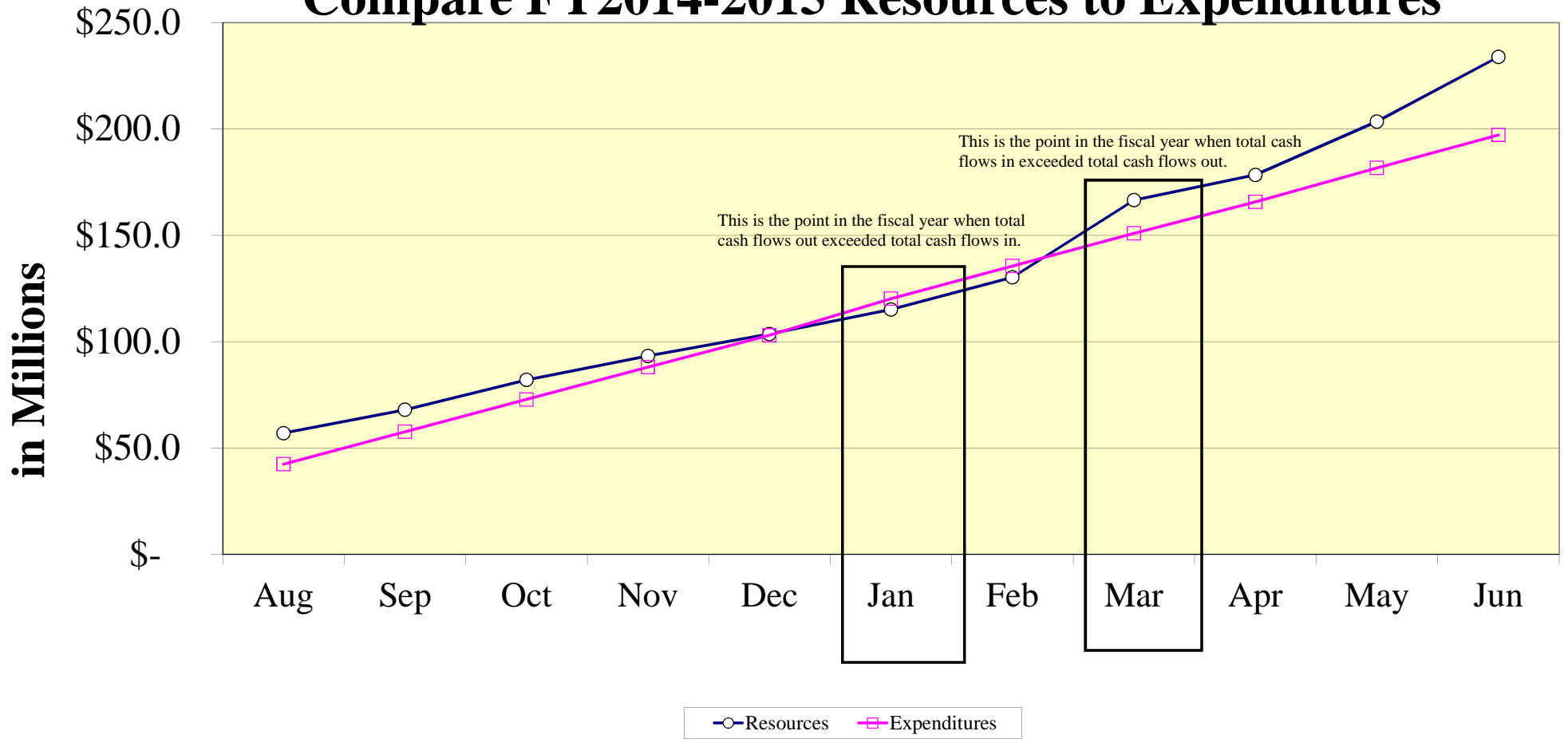
**General Fund Expenditures Budget To Actual by Major Program Category  
Year-to-Date Budget to Actual through January 2016**



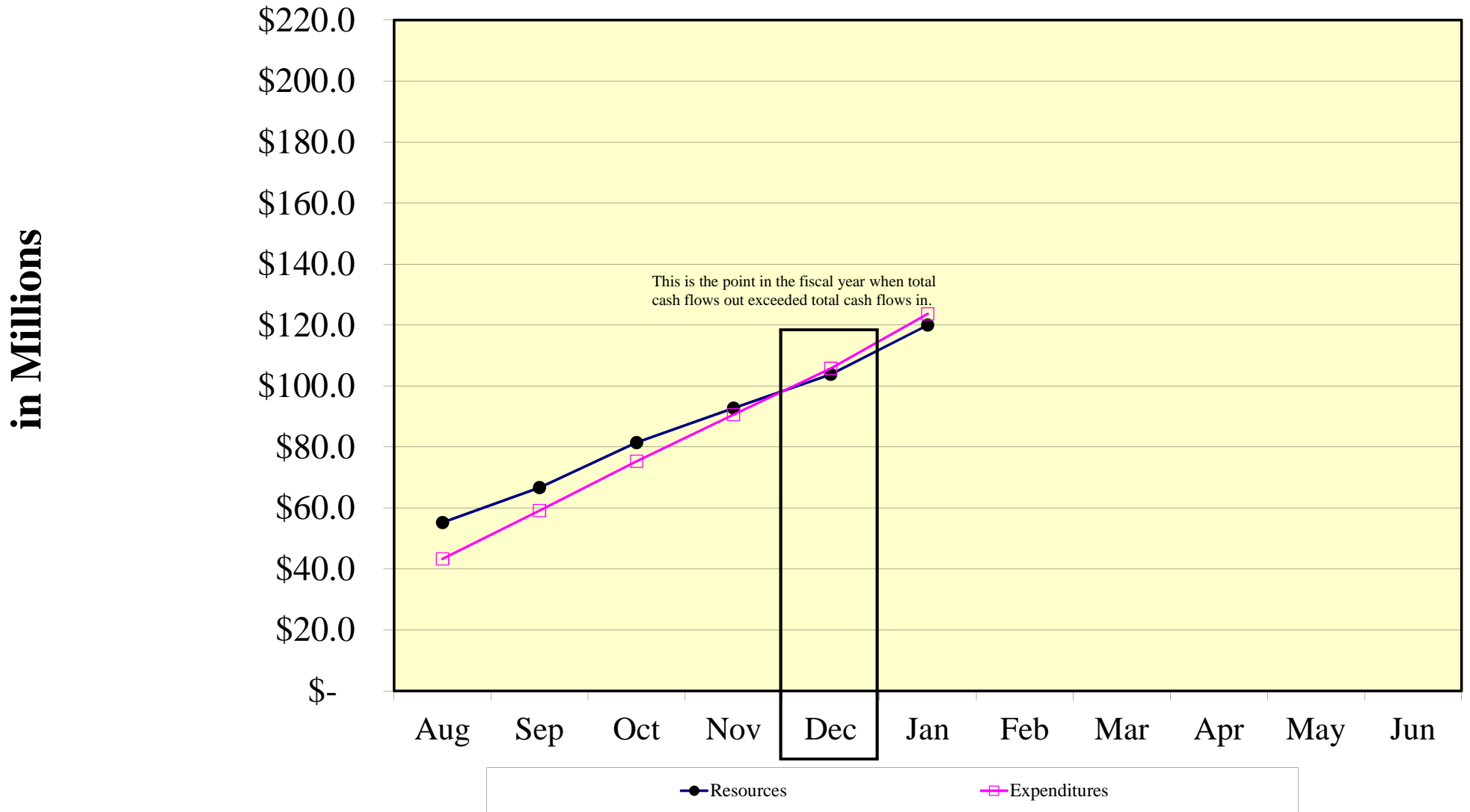
### Compare YTD Expenditures between FY2015 and FY2016



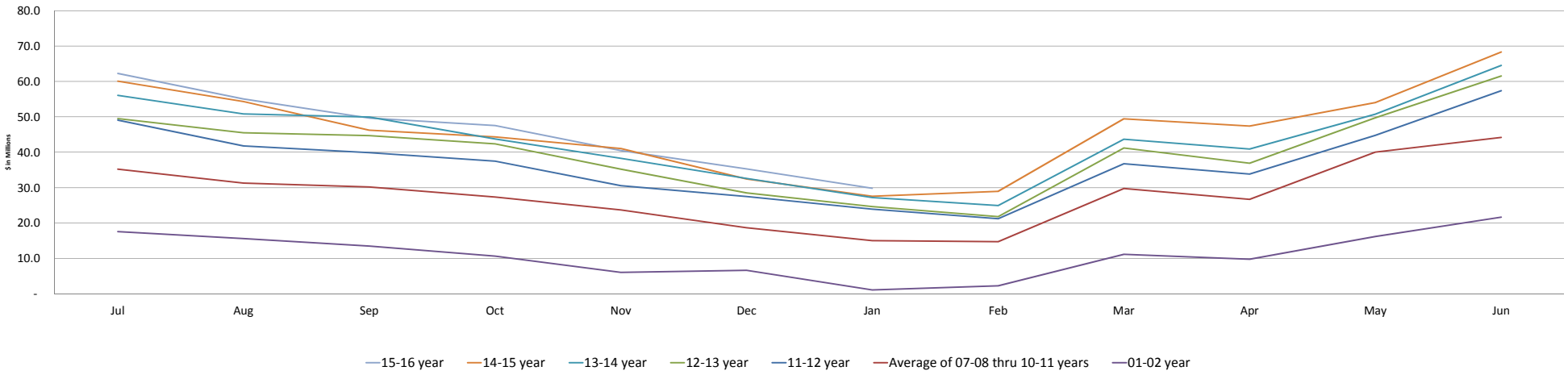
# Compare FY2014-2015 Resources to Expenditures



# Compare FY 2015-2016 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 Jan 2016**  
**Percent of Year Completed - 58.3%**

	Adjusted		% of Actual Revenue to Adjusted Budget	Variance Adjusted Budget to Actual		FY2015		Variance Adjusted Budget to Actual	
	Budget	Actual		Budget to Actual	% of Budget	Final Budget	Actual	Budget to Actual	% of Budget
Local Revenue	\$76,920,094	\$6,391,590	8.31%	(\$70,528,504)	2.63%	\$74,042,899	\$5,813,715	(\$68,229,184)	2.48%
State Revenue	126,520,034	74,784,176	59.11%	(51,735,858)	30.73%	121,039,299	71,851,608	(49,187,691)	30.65%
Federal Revenue	<u>2,349,000</u>	<u>1,200,862</u>	51.12%	<u>(1,148,138)</u>	0.49%	<u>2,100,000</u>	<u>266,389</u>	<u>(1,833,611)</u>	0.11%
Total Revenue Budget	205,789,128	82,376,628	40.03%	(123,412,500)	33.85%	197,182,198	77,931,712	(119,250,486)	33.25%
Fund Balance & Transfers	<u>37,598,778</u>	<u>37,598,778</u>		<u>0</u>	15.45%	<u>37,208,467</u>	<u>37,208,467</u>	<u>0</u>	15.87%
<b>Total Revenue &amp; Fund Balance</b>	<b><u>\$243,387,906</u></b>	<b><u>\$119,975,406</u></b>		<b><u>(\$123,412,500)</u></b>	<b><u>49.29%</u></b>	<b><u>\$234,390,665</u></b>	<b><u>\$115,140,179</u></b>	<b><u>(\$119,250,486)</u></b>	<b><u>49.12%</u></b>
<b>Object and Job Class</b>									
<b>Administrators</b>									
Salaries	\$11,275,815	\$6,453,414		\$4,822,401	57.23%	\$10,867,345	\$6,382,047	\$4,485,298	58.73%
Benefits	<u>2,773,860</u>	<u>1,521,181</u>		<u>1,252,679</u>	54.84%	<u>2,538,320</u>	<u>1,421,922</u>	<u>1,116,398</u>	56.02%
Subtotal	14,049,675	7,974,595		6,075,080	56.76%	13,405,665	7,803,969	5,601,696	58.21%
<b>Teachers</b>									
Salaries	81,872,561	46,260,696		35,611,865	56.50%	79,146,054	45,505,247	33,640,807	57.50%
Benefits	<u>20,921,976</u>	<u>11,907,493</u>		<u>9,014,483</u>	56.91%	<u>20,048,394</u>	<u>11,258,696</u>	<u>8,789,698</u>	56.16%
Subtotal	102,794,537	58,168,189		44,626,348	56.59%	99,194,448	56,763,943	42,430,505	57.22%
<b>Non-teaching Professionals</b>									
Salaries	1,944,775	1,203,434		741,341	61.88%	1,977,397	1,132,174	845,223	57.26%
Benefits	<u>528,595</u>	<u>301,188</u>		<u>227,407</u>	56.98%	<u>517,191</u>	<u>285,589</u>	<u>231,602</u>	55.22%
Subtotal	2,473,370	1,504,622		968,748	60.83%	2,494,588	1,417,763	1,076,825	56.83%
<b>Paraprofessionals</b>									
Salaries	6,514,591	3,547,616		2,966,975	54.46%	5,958,725	3,373,175	2,585,550	56.61%
Benefits	<u>2,323,433</u>	<u>1,127,975</u>		<u>1,195,458</u>	48.55%	<u>1,900,355</u>	<u>1,053,023</u>	<u>847,332</u>	55.41%
Subtotal	8,838,024	4,675,591		4,162,433	52.90%	7,859,080	4,426,198	3,432,882	56.32%
<b>Office &amp; Admin Support</b>									
Salaries	6,431,312	3,753,344		2,677,968	58.36%	6,337,185	3,773,158	2,564,027	59.54%
Benefits	<u>2,040,028</u>	<u>1,075,038</u>		<u>964,990</u>	52.70%	<u>1,837,991</u>	<u>1,022,364</u>	<u>815,627</u>	55.62%
Subtotal	8,471,340	4,828,382		3,642,958	57.00%	8,175,176	4,795,522	3,379,654	58.66%
<b>Skilled Trades</b>									
Salaries	6,389,680	3,791,042		2,598,638	59.33%	6,426,238	3,732,165	2,694,073	58.08%
Benefits	<u>2,352,766</u>	<u>1,093,403</u>		<u>1,259,363</u>	46.47%	<u>1,859,056</u>	<u>1,049,363</u>	<u>809,693</u>	56.45%
Subtotal	8,742,446	4,884,445		3,858,001	55.87%	8,285,294	4,781,528	3,503,766	57.71%
<b>Total Salaries &amp; Benefits</b>									
Salaries	114,428,734	65,009,546		49,419,188	56.81%	110,712,944	63,897,966	46,814,978	57.71%
Benefits	<u>30,940,658</u>	<u>17,026,278</u>		<u>13,914,380</u>	55.03%	<u>28,701,307</u>	<u>16,090,957</u>	<u>12,610,350</u>	56.06%
Subtotal	145,369,392	82,035,824		63,333,568	56.43%	139,414,251	79,988,923	59,425,328	57.37%

**General Fund**  
**Operating Summary by Object**  
**Year to Date through Jan 2016**  
**Percent of Year Completed - 58.3%**

	Adjusted		Variance		FY2015		Variance		
	Budget	Actual	Adjusted Budget to Actual	% of Budget	Final Budget	Actual	Adjusted Budget to Actual	% of Budget	
<b>Non-Salaries</b>									
Purchased Professional & Technical Services	2,401,456	1,589,582	811,874	66.19%	2,416,258	1,417,921	998,337	58.68%	
Purchased Property Services	3,796,132	2,153,178	1,642,954	56.72%	3,780,569	2,230,263	1,550,306	58.99%	
Other Purchased Services	6,720,993	3,700,725	3,020,268	55.06%	6,869,587	2,972,556	3,897,031	43.27%	
Subtotal	12,918,581	7,443,485	5,475,096	57.62%	13,066,414	6,620,740	6,445,674	50.67%	
Supplies	11,404,847	4,440,436	6,964,411	38.93%	10,628,837	4,676,271	5,952,566	44.00%	
Equipment	369,300	292,227	77,073	79.13%	437,767	326,878	110,889	74.67%	
Other Expenses	636,989	340,634	296,355	53.48%	532,469	301,105	231,364	56.55%	
Subtotal	12,411,136	5,073,297	7,337,839	40.88%	11,599,073	5,304,254	6,294,819	45.73%	
Subtotal Expenditure Accounts	170,699,109	94,552,606	76,146,503	55.39%	164,079,738	91,913,917	72,165,821	56.02%	
Transfer - Charter Schools	26,299,696	15,341,487	10,958,209	58.33%	25,523,578	14,888,755	10,634,823	58.33%	
Transfer - CRCP Fund	3,979,732	3,979,732	0	100.00%	3,252,470	3,252,470	0	100.00%	
Transfer - Transportation Fund	4,912,430	4,912,430	0	100.00%	5,090,190	5,090,190	0	100.00%	
Transfer - Technology Fund	4,848,490	4,848,490	0	100.00%	5,058,490	5,058,490	0	100.00%	
Subtotal	40,040,348	29,082,139	10,958,209	72.63%	38,924,728	28,289,905	10,634,823	72.68%	
<b>Total Expenditure Accounts &amp; Transfers/Allocations</b>	<b>210,739,457</b>	<b>123,634,745</b>	<b>87,104,712</b>	<b>58.67%</b>	<b>203,004,466</b>	<b>120,203,822</b>	<b>82,800,644</b>	<b>59.21%</b>	
TABOR Reserve	5,132,000	0	5,132,000	0.00%	4,853,000	0	4,853,000	0.00%	
Contingency & Other Reserves	5,046,608	0	5,046,608	0.00%	4,717,474	0	4,717,474	0.00%	
Reserve for encumbrance & unanti	22,469,841	0	22,469,841	0.00%	21,815,725	0	21,815,725	0.00%	
Subtotal	32,648,449	0	32,648,449	0.00%	31,386,199	0	31,386,199	0.00%	
<b>Total Appropriated Budget</b>	<b>\$243,387,906</b>	<b>\$123,634,745</b>	<b>\$119,753,161</b>	<b>50.80%</b>	<b>\$234,390,665</b>	<b>\$120,203,822</b>	<b>\$114,186,843</b>	<b>51.28%</b>	
<b>Total Resources Over (Under)</b>									
<b>Total Expenditures</b>		<b>(\$3,659,339)</b>				<b>(\$5,063,643)</b>			