

ACADEMY 20 BOARD OF EDUCATION  
February 16, 2017

**Subject:** Monthly Financial Report through January 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:** February 7, 2017

## MEMORANDUM

TO: Dr. Mark Hatchell, Superintendent  
Board of Education

FROM: Tom Gregory, Deputy Superintendent/CFO

DATE: February 7, 2017

SUBJECT: January Financial Report

## REVENUES

Graph #1 and Table #1 show that through January we have collected about 34.0% 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 33.9%. 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 7 months of the year complete (58.3%), spending, which includes total appropriation, is at 51.0%. 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 (59.2%) are comparable to last year (58.6%). 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.

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, 2016 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 \$15,979,614, 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 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	Jan-17	Dec-16	Nov-16	Oct-16	Sep-16
<b>General Fund Account</b>					
Colostrust	41,000,501	41,000,501	43,765,308	47,355,033	50,859,865
<b>Total General Fund</b>	41,000,501	41,000,501	43,765,308	47,355,033	50,859,865
<b>TABOR Account</b>					
Colostrust	5,387,000	5,387,000	5,387,000	5,132,000	5,132,000
<b>Total TABOR</b>	5,387,000	5,387,000	5,387,000	5,132,000	5,132,000
<b>Bond Redemption Account</b>					
Wells Fargo - Colostrust	10,240,446	10,240,446	26,214,946	26,095,307	26,029,801
<b>Total Bond Redemption</b>	10,240,446	10,240,446	26,214,946	26,095,307	26,029,801
<b>Building Fund Accounts</b>					
Colostrust (proceeds)	183,671,050	-	-	-	-
Colostrust (interest)	36,999	-	-	-	-
<b>Total Building Fund</b>	183,708,049	-	-	-	-
<b>Total Investments</b>	<u>\$240,335,996</u>	<u>\$56,627,947</u>	<u>\$75,367,254</u>	<u>\$78,582,340</u>	<u>\$82,021,666</u>

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 2017**

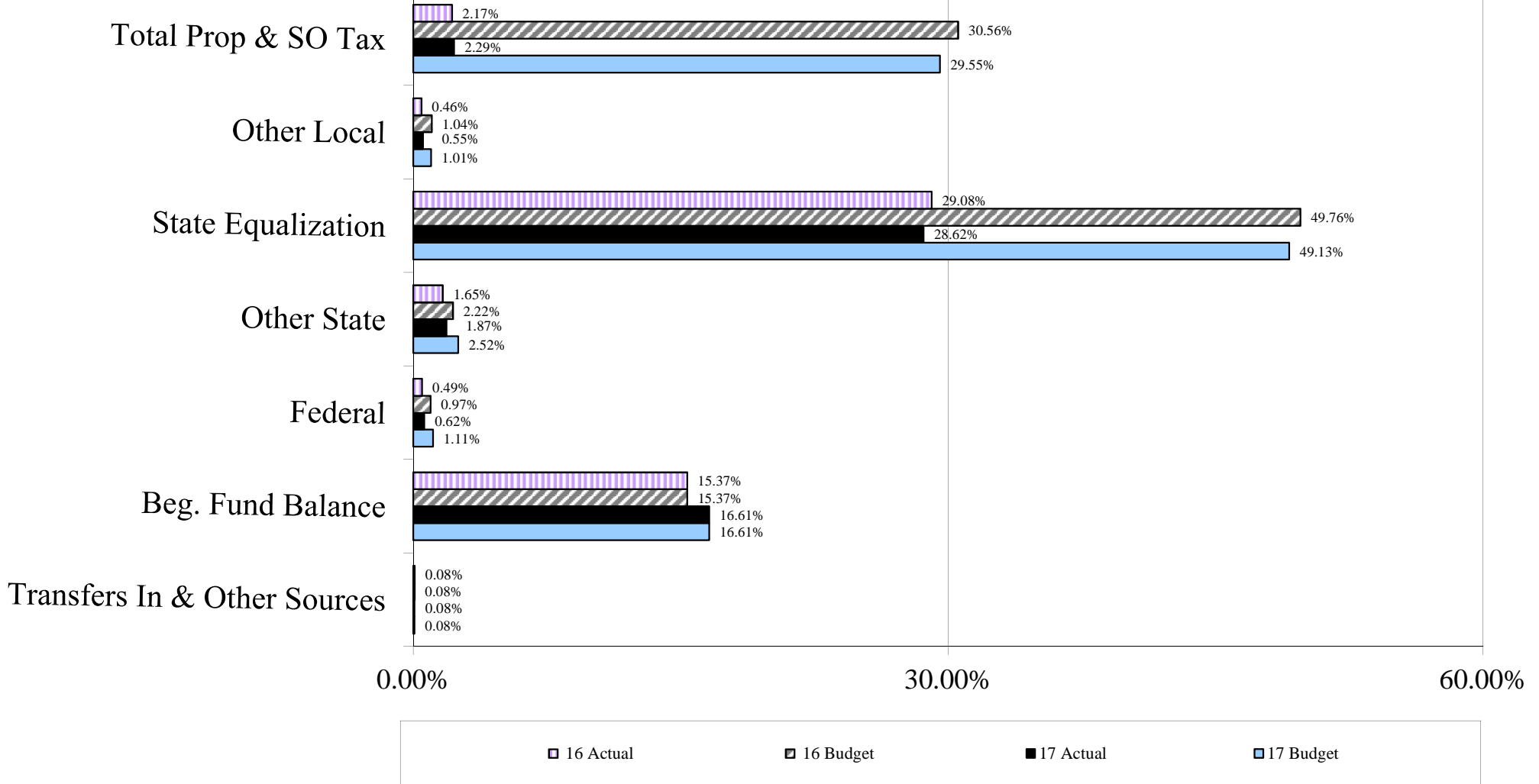
**General Fund**

**Financial Report**

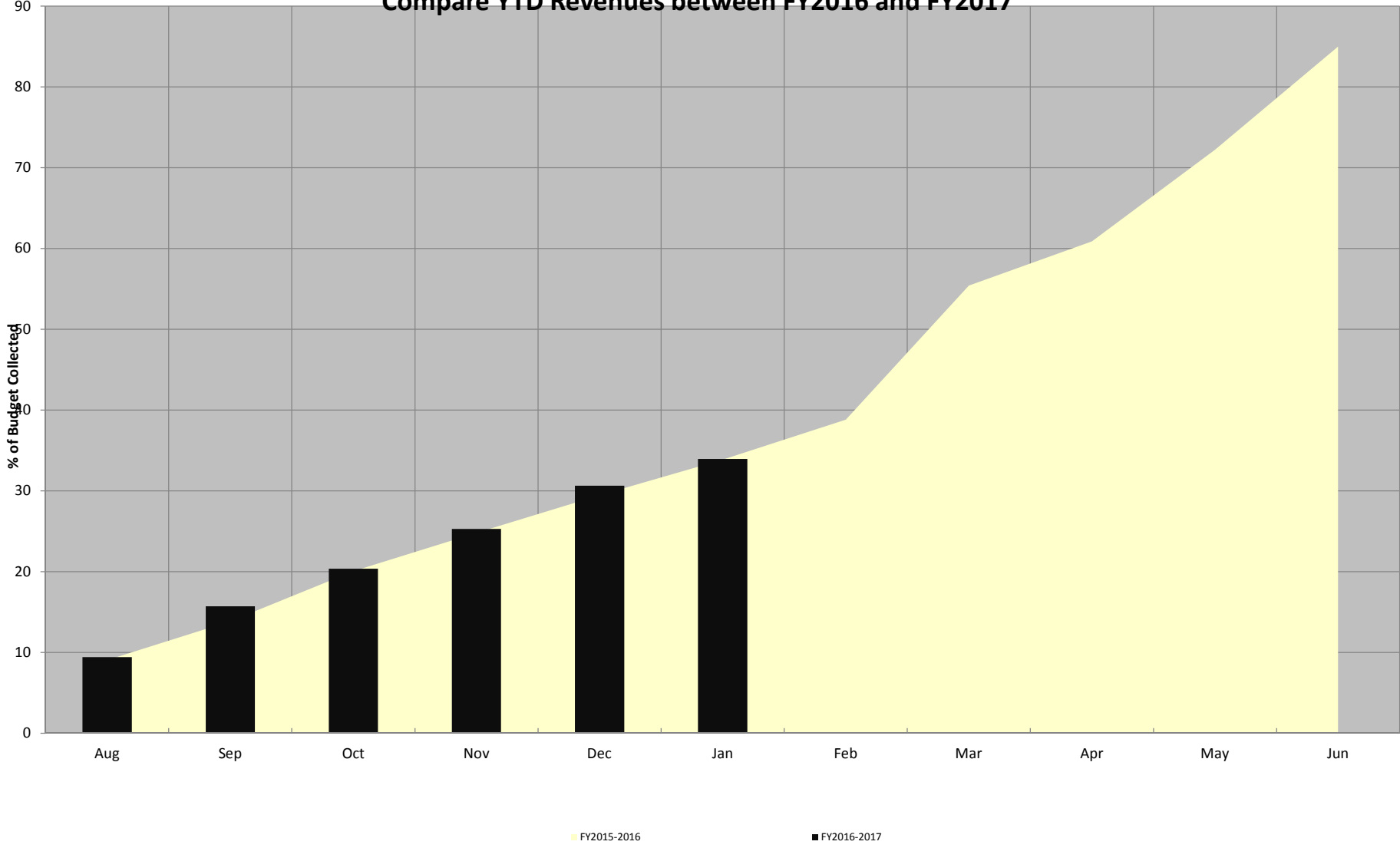
# General Fund Major Revenue Categories

Year-to-Date Budget to Actual through January 2017

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

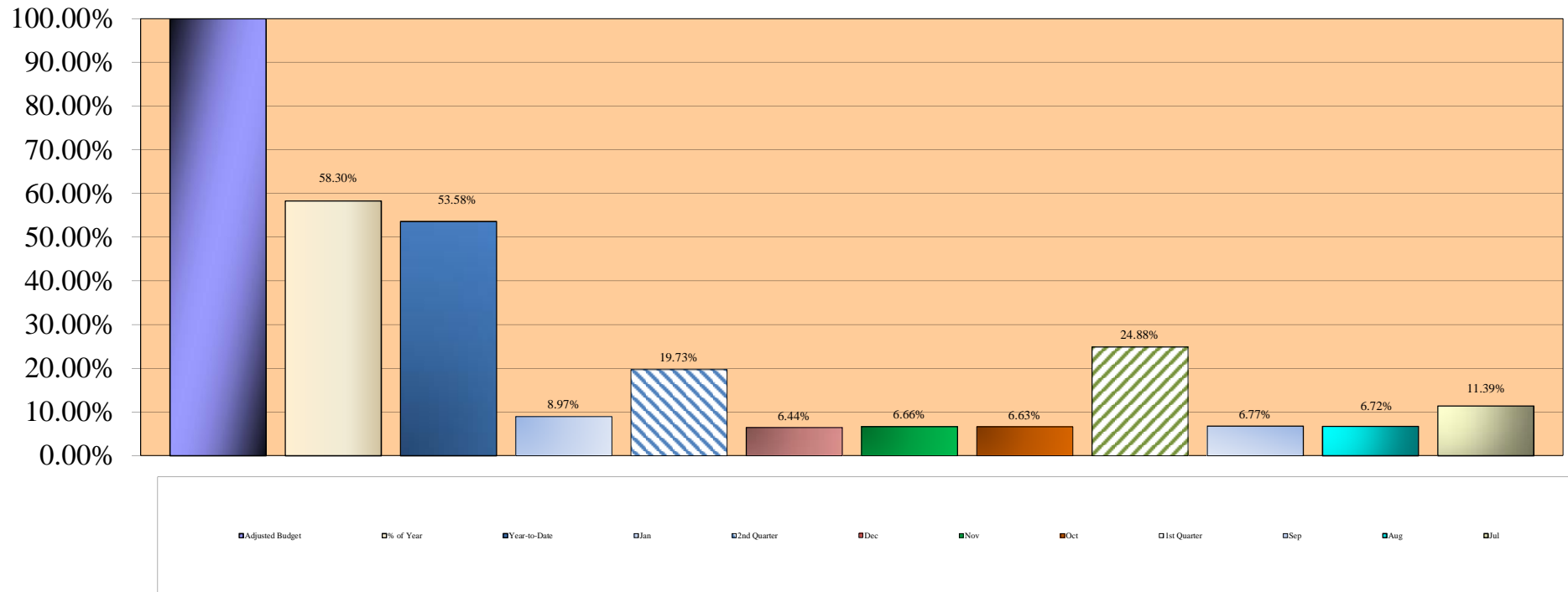


Compare YTD Revenues between FY2016 and FY2017

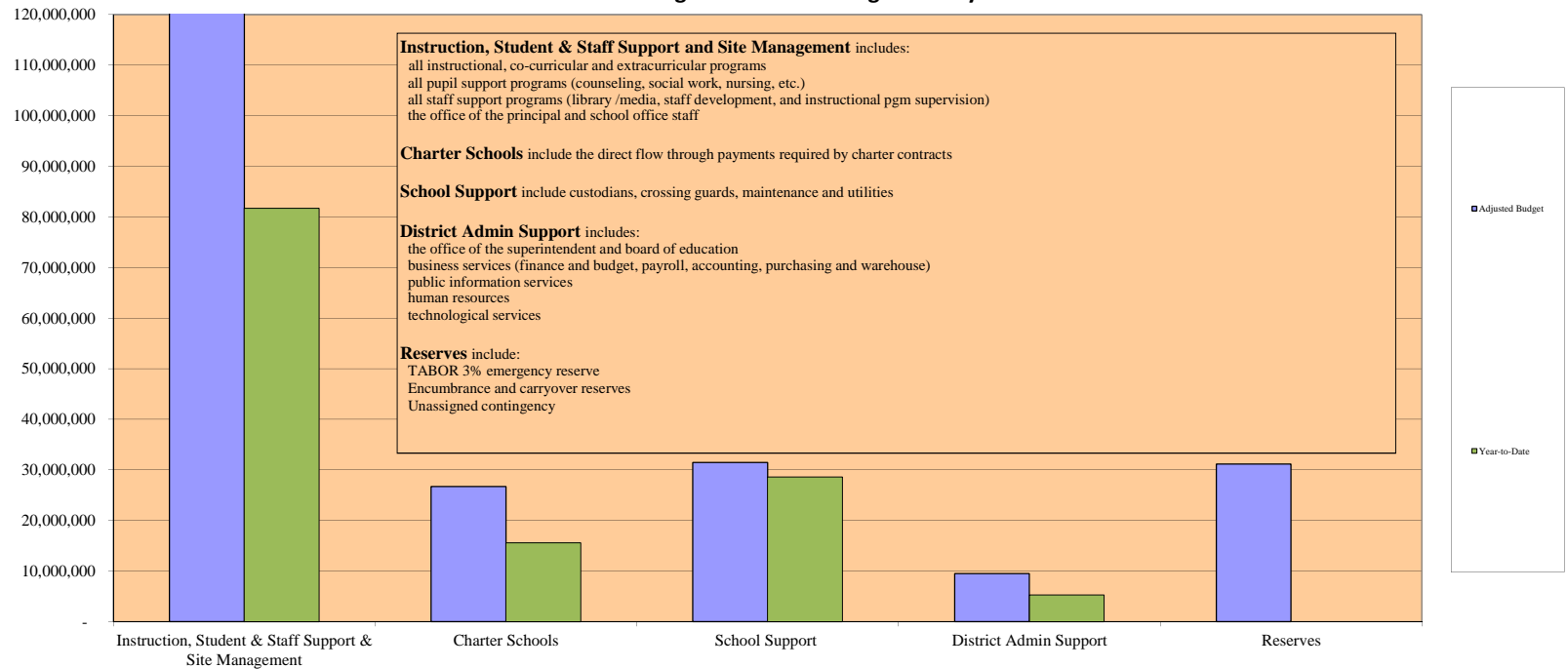




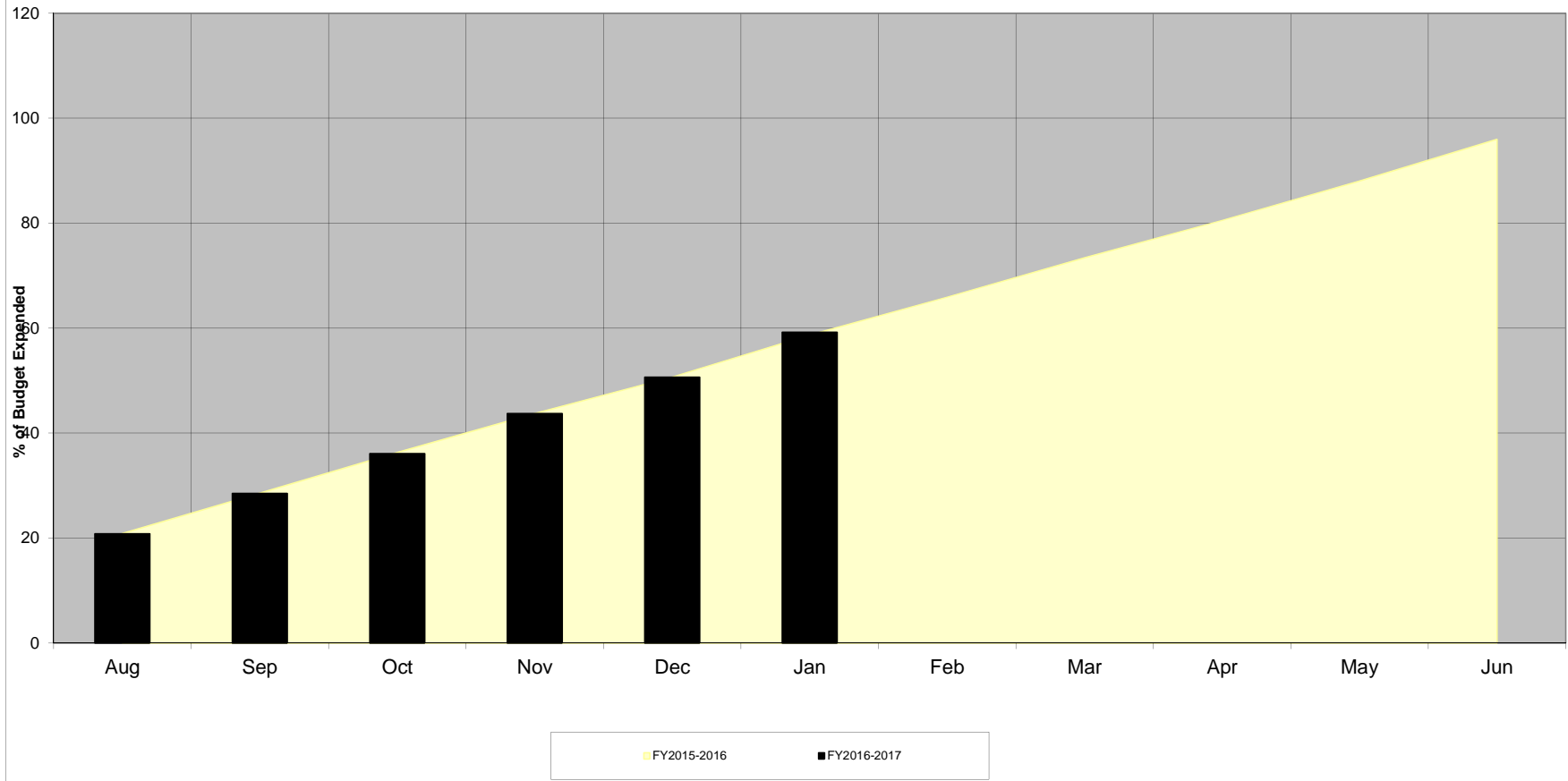
### General Fund Total Expenditures Budget to Actual Comparison by Month and Year-to-Date - Unaudited



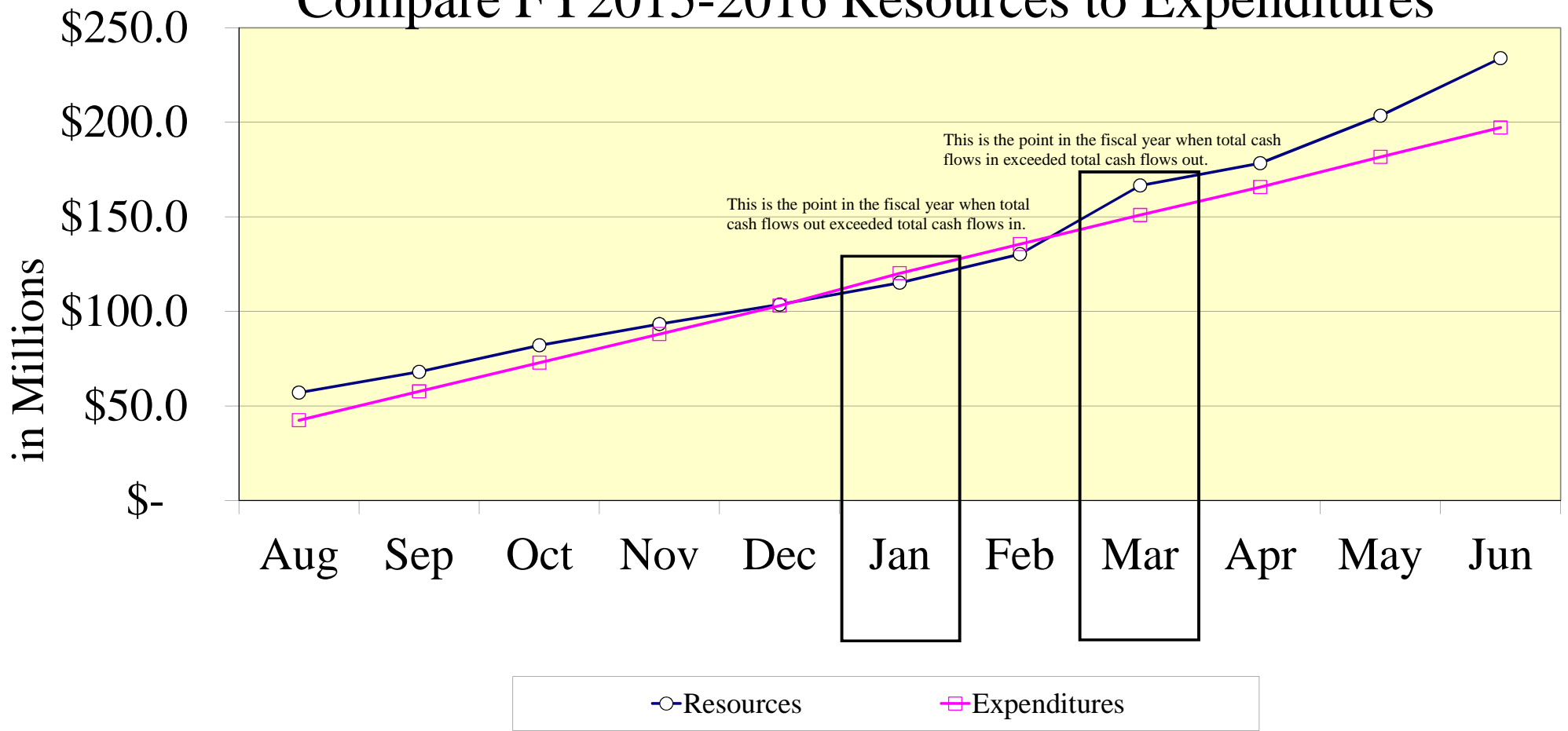
**General Fund Expenditures Budget To Actual by Major Program Category  
Year-to-Date Budget to Actual through January 2017**



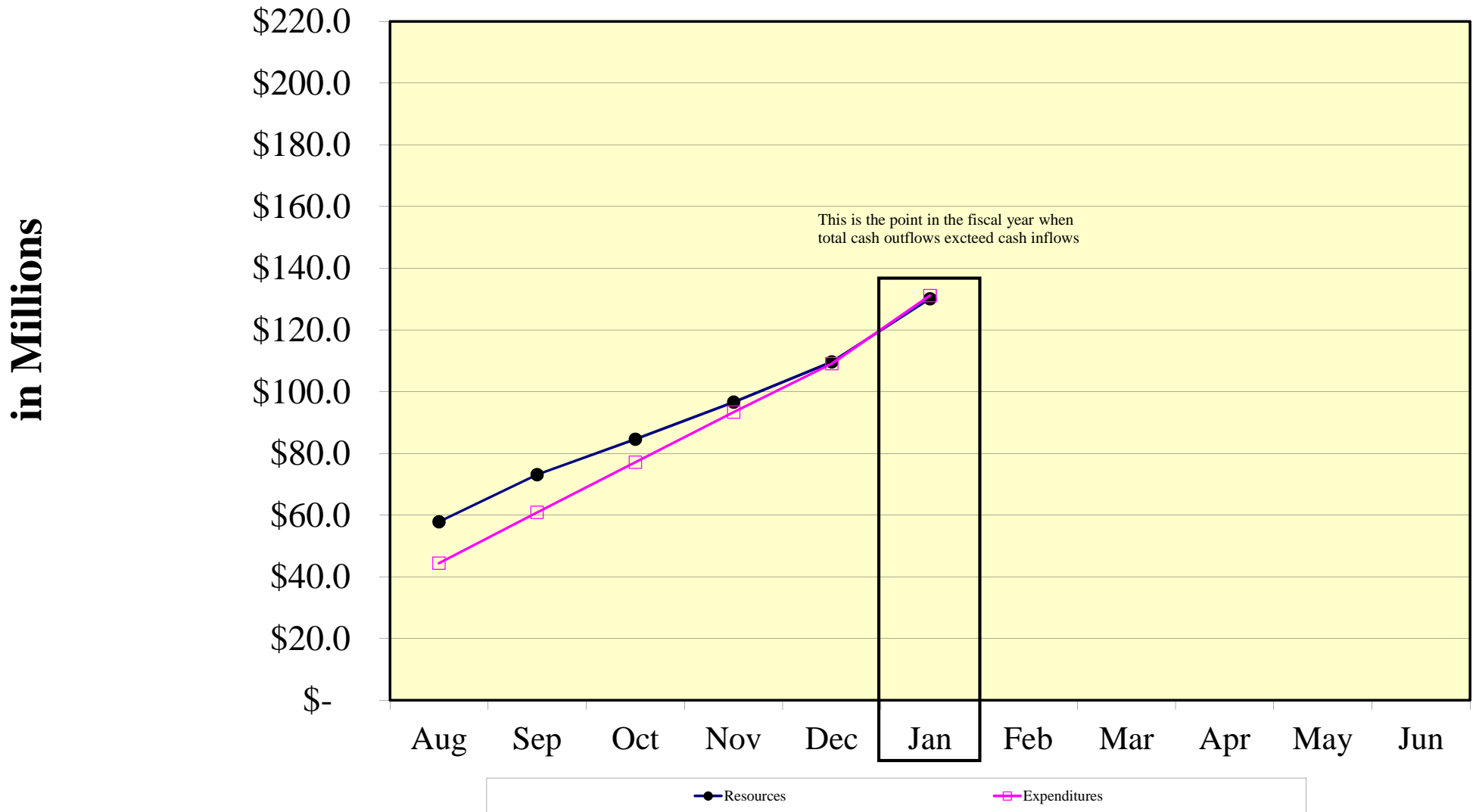
**Compare YTD Expenditures between FY2016 and FY2017**



# Compare FY2015-2016 Resources to Expenditures

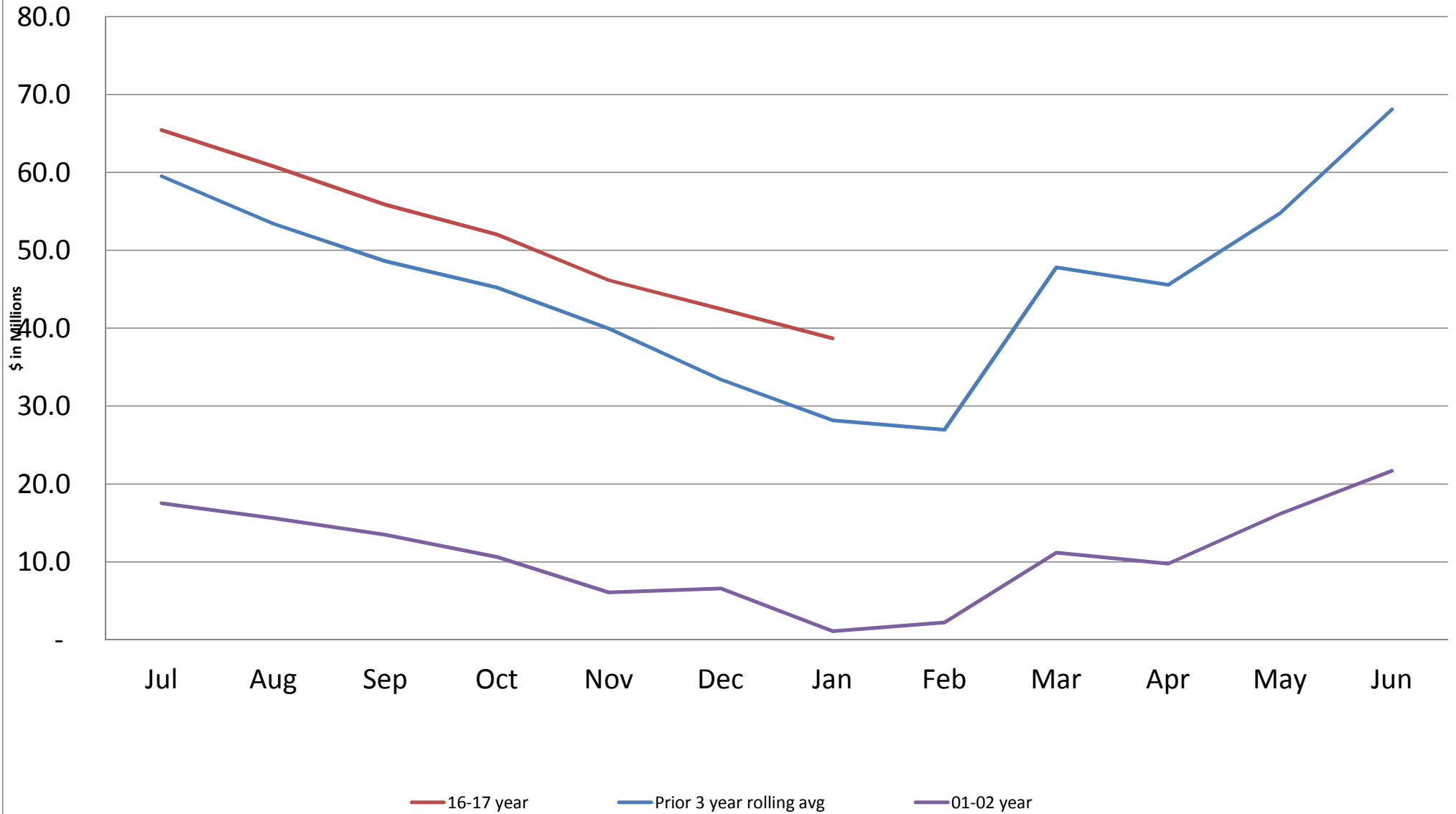


# Compare FY 2016-2017 Resources to Expenditures



# Cash & Investments Available to Meet Operating Needs

(excludes TABOR reserve and Debt Service)



**General Fund**  
**Operating Summary by Object**  
**Year to Date through Jan 2017**  
**Percent of Year Completed - 58.3%**

	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	\$7,294,714	9.29%	(\$71,210,832)	2.84%	\$76,920,094	\$6,391,590	(\$70,528,504)	2.63%
State Revenue	132,715,328	78,360,006	59.04%	(54,355,322)	30.50%	126,520,034	74,784,176	(51,735,858)	30.73%
Federal Revenue	<u>2,850,000</u>	<u>1,590,227</u>	<u>55.80%</u>	<u>(1,259,773)</u>	<u>0.62%</u>	<u>2,349,000</u>	<u>1,200,862</u>	<u>(1,148,138)</u>	<u>0.49%</u>
Total Revenue Budget	214,070,874	87,244,947	40.76%	(126,825,927)	33.96%	205,789,128	82,376,628	(123,412,500)	33.85%
Fund Balance & Transfers	<u>42,864,125</u>	<u>42,864,125</u>		<u>0</u>	<u>16.68%</u>	<u>37,598,778</u>	<u>37,598,778</u>	<u>0</u>	<u>15.45%</u>
<b>Total Revenue &amp; Fund Balance</b>	<b><u>\$256,934,999</u></b>	<b><u>\$130,109,072</u></b>		<b><u>(\$126,825,927)</u></b>	<b><u>50.64%</u></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>Object and Job Class</b>									
<b>Administrators</b>									
Salaries	\$11,550,220	\$6,650,544		\$4,899,676	57.58%	\$11,275,815	\$6,453,414	\$4,822,401	57.23%
Benefits	<u>2,879,690</u>	<u>1,617,839</u>		<u>1,261,851</u>	<u>56.18%</u>	<u>2,773,860</u>	<u>1,521,181</u>	<u>1,252,679</u>	<u>54.84%</u>
Subtotal	14,429,910	8,268,383		6,161,527	57.30%	14,049,675	7,974,595	6,075,080	56.76%
<b>Teachers</b>									
Salaries	82,727,045	47,076,381		35,650,664	56.91%	81,543,620	46,260,696	35,282,924	56.73%
Benefits	<u>22,297,431</u>	<u>12,361,556</u>		<u>9,935,875</u>	<u>55.44%</u>	<u>21,008,757</u>	<u>11,907,493</u>	<u>9,101,264</u>	<u>56.68%</u>
Subtotal	105,024,476	59,437,937		45,586,539	56.59%	102,552,377	58,168,189	44,384,188	56.72%
<b>Non-teaching Professionals</b>									
Salaries	2,048,094	1,243,236		804,858	60.70%	2,009,413	1,203,434	805,979	59.89%
Benefits	<u>602,070</u>	<u>323,464</u>		<u>278,606</u>	<u>53.73%</u>	<u>535,692</u>	<u>301,188</u>	<u>234,504</u>	<u>56.22%</u>
Subtotal	2,650,164	1,566,700		1,083,464	59.12%	2,545,105	1,504,622	1,040,483	59.12%
<b>Paraprofessionals</b>									
Salaries	6,889,359	3,735,893		3,153,466	54.23%	6,528,552	3,547,616	2,980,936	54.34%
Benefits	<u>2,489,514</u>	<u>1,194,853</u>		<u>1,294,661</u>	<u>48.00%</u>	<u>2,324,137</u>	<u>1,127,975</u>	<u>1,196,162</u>	<u>48.53%</u>
Subtotal	9,378,873	4,930,746		4,448,127	52.57%	8,852,689	4,675,591	4,177,098	52.82%
<b>Office &amp; Admin Support</b>									
Salaries	6,538,690	3,764,436		2,774,254	57.57%	6,491,076	3,753,344	2,737,732	57.82%
Benefits	<u>2,068,484</u>	<u>1,097,603</u>		<u>970,881</u>	<u>53.06%</u>	<u>2,043,529</u>	<u>1,075,038</u>	<u>968,491</u>	<u>52.61%</u>
Subtotal	8,607,174	4,862,039		3,745,135	56.49%	8,534,605	4,828,382	3,706,223	56.57%
<b>Skilled Trades</b>									
Salaries	6,595,380	3,803,815		2,791,565	57.67%	6,455,136	3,791,042	2,664,094	58.73%
Benefits	<u>2,163,180</u>	<u>1,122,885</u>		<u>1,040,295</u>	<u>51.91%</u>	<u>2,352,766</u>	<u>1,093,403</u>	<u>1,259,363</u>	<u>46.47%</u>
Subtotal	8,758,560	4,926,700		3,831,860	56.25%	8,807,902	4,884,445	3,923,457	55.46%
<b>Total Salaries &amp; Benefits</b>									
Salaries	116,348,788	66,274,305		50,074,483	56.96%	114,303,612	65,009,546	49,294,066	56.87%
Benefits	<u>32,500,369</u>	<u>17,718,200</u>		<u>14,782,169</u>	<u>54.52%</u>	<u>31,038,741</u>	<u>17,026,278</u>	<u>14,012,463</u>	<u>54.85%</u>
Subtotal	148,849,157	83,992,505		64,856,652	56.43%	145,342,353	82,035,824	63,306,529	56.44%

**General Fund**  
**Operating Summary by Object**  
**Year to Date through Jan 2017**  
**Percent of Year Completed - 58.3%**

	Adjusted Budget	Actual	Variance		FY2016 Final Budget	FY2016 Actual	Variance		
			% of Actual Revenue to Adjusted Budget	Adjusted to Actual			% of Budget	Adjusted Budget to Actual	FY2016 % of Budget
<b>Non-Salaries</b>									
Purchased Professional & Technica	2,804,520	1,987,963		816,557	70.88%	2,688,080	1,589,582	1,098,498	59.13%
Purchased Property Services	3,883,445	2,136,276		1,747,169	55.01%	4,034,314	2,153,178	1,881,136	53.37%
Other Purchased Services	7,504,920	3,514,867		3,990,053	46.83%	6,820,930	3,700,725	3,120,205	54.26%
Subtotal	14,192,885	7,639,106		6,553,779	53.82%	13,543,324	7,443,485	6,099,839	54.96%
Supplies	11,844,013	4,810,415		7,033,598	40.61%	10,878,032	4,440,436	6,437,596	40.82%
Equipment	330,894	448,757		-117,863	135.62%	510,255	292,227	218,028	57.27%
Other Expenses	759,995	391,341		368,654	51.49%	613,602	340,634	272,968	55.51%
Subtotal	12,934,902	5,650,513		7,284,389	43.68%	12,001,889	5,073,297	6,928,592	42.27%
Subtotal Expenditure Accounts	175,976,944	97,282,124		78,694,820	55.28%	170,887,566	94,552,606	76,334,960	55.33%
Transfer - Charter Schools	27,132,214	15,554,427		11,577,787	57.33%	26,299,696	15,341,487	10,958,209	58.33%
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	33,857,121		11,577,787	74.52%	40,040,348	29,082,139	10,958,209	72.63%
<b>Total Expenditure Accounts &amp; Transfers/Allocations</b>	<b>221,411,852</b>	<b>131,139,245</b>		<b>90,272,607</b>	<b>59.23%</b>	<b>210,927,914</b>	<b>123,634,745</b>	<b>87,293,169</b>	<b>58.61%</b>
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%
<b>Total Appropriated Budget</b>	<b>\$256,934,999</b>	<b>\$131,139,245</b>		<b>\$125,795,754</b>	<b>51.04%</b>	<b>\$243,387,906</b>	<b>\$123,634,745</b>	<b>\$119,753,161</b>	<b>50.80%</b>
<b>Total Resources Over (Under)</b>									
<b>Total Expenditures</b>		<b>(\$1,030,173)</b>					<b>(\$3,659,339)</b>		