

ACADEMY 20 BOARD OF EDUCATION
September 20, 2018

Subject: Monthly Financial Report through August 2018

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: September 10, 2018



MEMORANDUM

TO: Dr. Mark Hatchell, Superintendent
Board of Education

FROM: Tom Gregory, Deputy Superintendent/CFO

DATE: September 10, 2018

SUBJECT: July & August Financial Report

REVENUES

Graph #1 and Table #1 show that through August we have collected about 9.5% 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 9.2%. The variance in the year-over-year percentages is due mainly to the increases in state equalization and fund balance. 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 FY2018. It is in these months that the majority of property taxes are paid to the district. Collections for FY2019 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 2 months of the year complete (16.7%), spending, which includes total appropriation, is at 17.9%. 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 2017-2018 salary schedule and will require an accrual for July and August 2019 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 2018-2019 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 (20.4%) are comparable to last year (20.4%). 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 FY2018-2019 revenues and expenditures to FY2017-2018. Budget information presented for FY2017-2018 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 2018. The main reasons were due to the property taxes not collected until the spring 2018 and that the full transfers are made to the CRCP, Transportation and Technology Funds in July 2017. It is important to note that in March 2018, 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 seventeen fiscal years were such that we did not borrow funds from any external source. On June 21, 2018 the Board passed interfund borrowing resolution 186-18 for fiscal year 2018-2019. 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.

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, 2017 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 will transfer \$17,629,841, the required amounts for December principal and interest payments, to our bond paying agents. The current account balance of \$25,059,705 is sufficient to provide the amount necessary for the December 2018 payments.

3rd, the Series 2017 and 2018 bond proceeds plus premium were 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.

Investments	Aug-18	Jul-18	Jun-18	May-18	Apr-18
General Fund Account					
Colostrust	45,585,923	50,992,850	59,039,772	68,972,632	59,934,827
CSIP (proceeds)	25,000,000	25,000,000	25,000,000	0	0
CSIP (est interest earnings)	107,142	57,234	5,255	0	0
Total General Fund	70,693,065	76,050,084	84,045,027	68,972,632	59,934,827
TABOR Account					
Colostrust	5,626,000	5,626,000	5,626,000	5,626,000	5,626,000
Total TABOR	5,626,000	5,626,000	5,626,000	5,626,000	5,626,000
Bond Redemption Account					
Wells Fargo - Colostrust	25,106,283	24,860,635	24,734,978	22,868,604	17,685,975
Total Bond Redemption	25,106,283	24,860,635	24,734,978	22,868,604	17,685,975
Building Fund Accounts					
Colostrust (proceeds)	92,855,796	83,161,899	92,855,796	138,346,006	142,347,721
Colostrust (interest)	3,221,918	3,386,843	3,221,918	2,989,090	2,738,918
CSIP (proceeds)	50,000,000	50,000,000	50,000,000	0	0
CSIP (est interest earnings)	214,591	114,781	8,533	0	0
Total Building Fund	146,292,305	136,663,523	146,086,247	141,335,096	145,086,639
Total Investments	\$247,717,653	\$243,200,242	\$260,492,252	\$238,802,332	\$228,333,441

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.

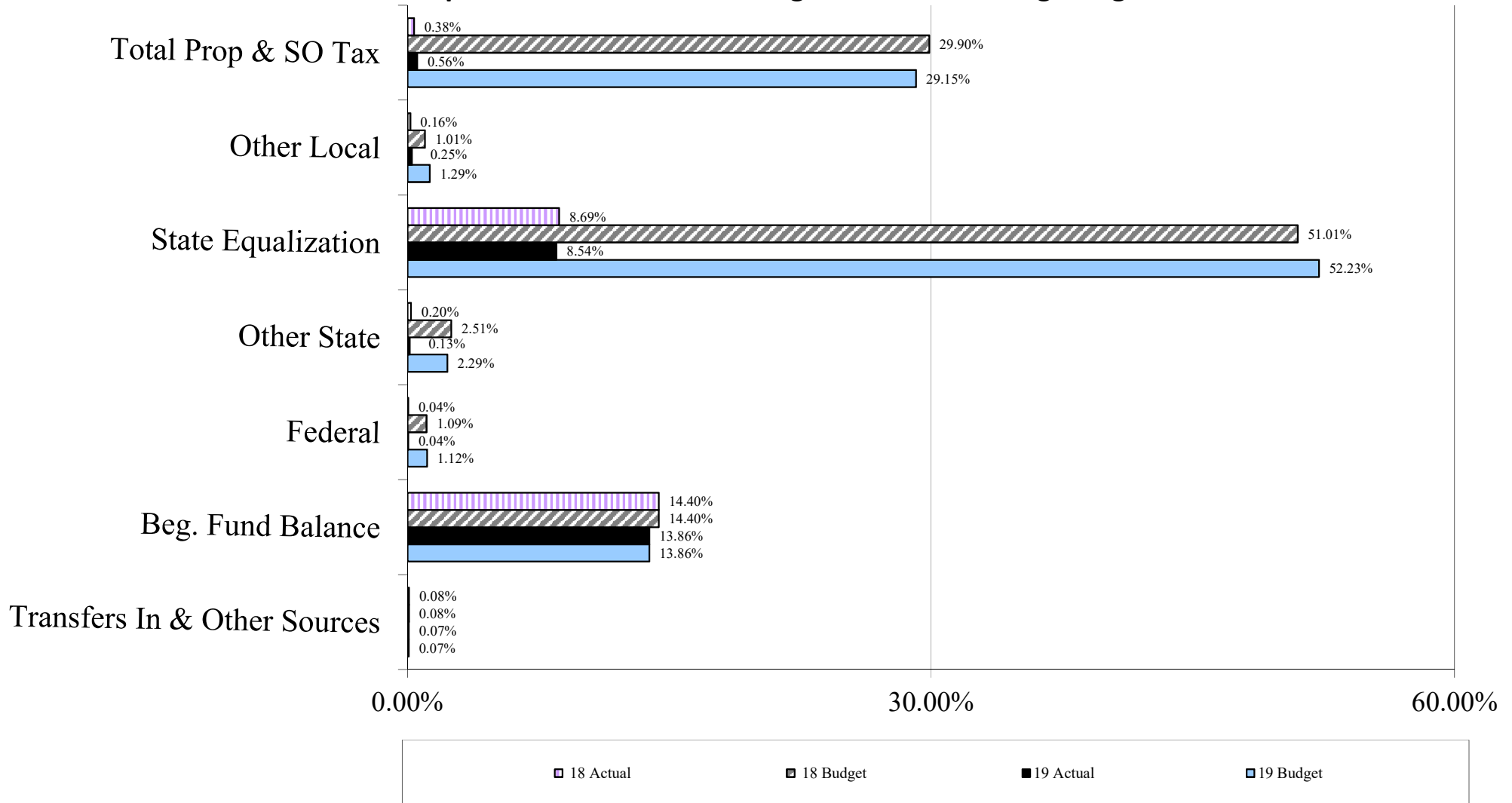
July & August 2018

General Fund

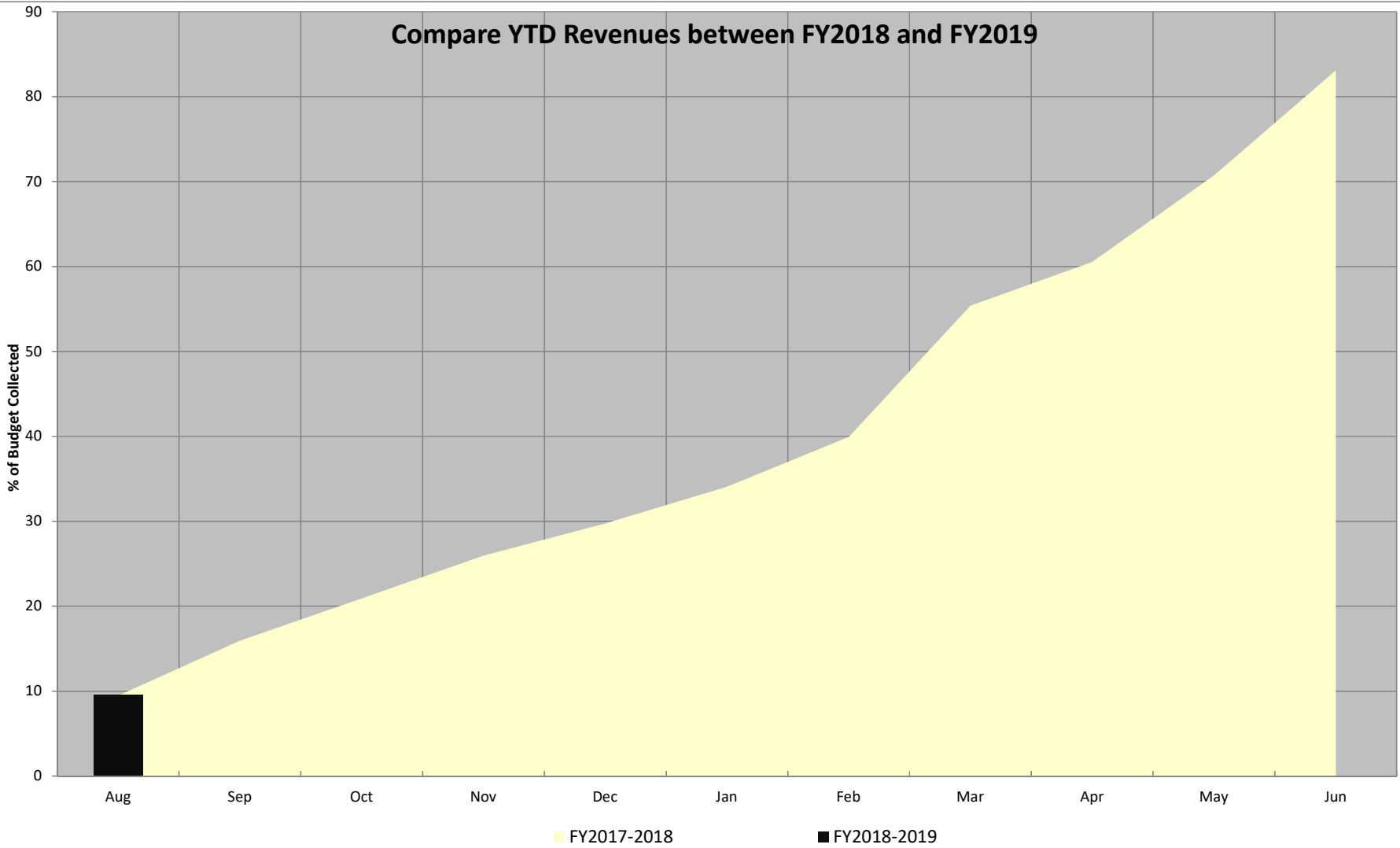
Financial Report

General Fund Major Revenue Categories

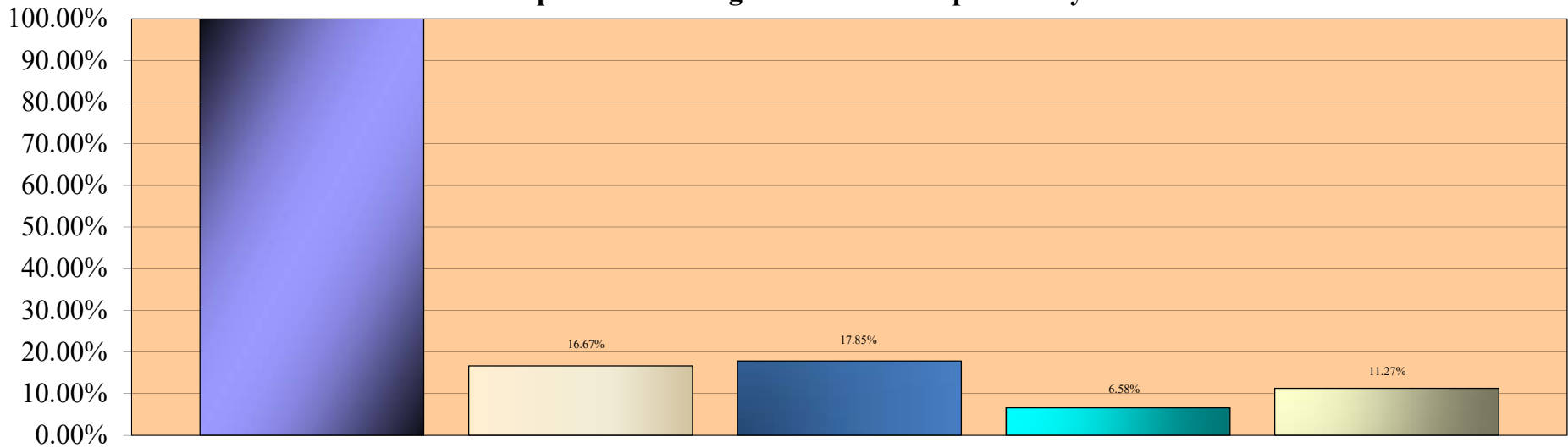
Year-to-Date Budget to Actual through August 2018 Compared to Year-to-Date Budget to Actual through August 2017



Compare YTD Revenues between FY2018 and FY2019



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



■ Adjusted Budget

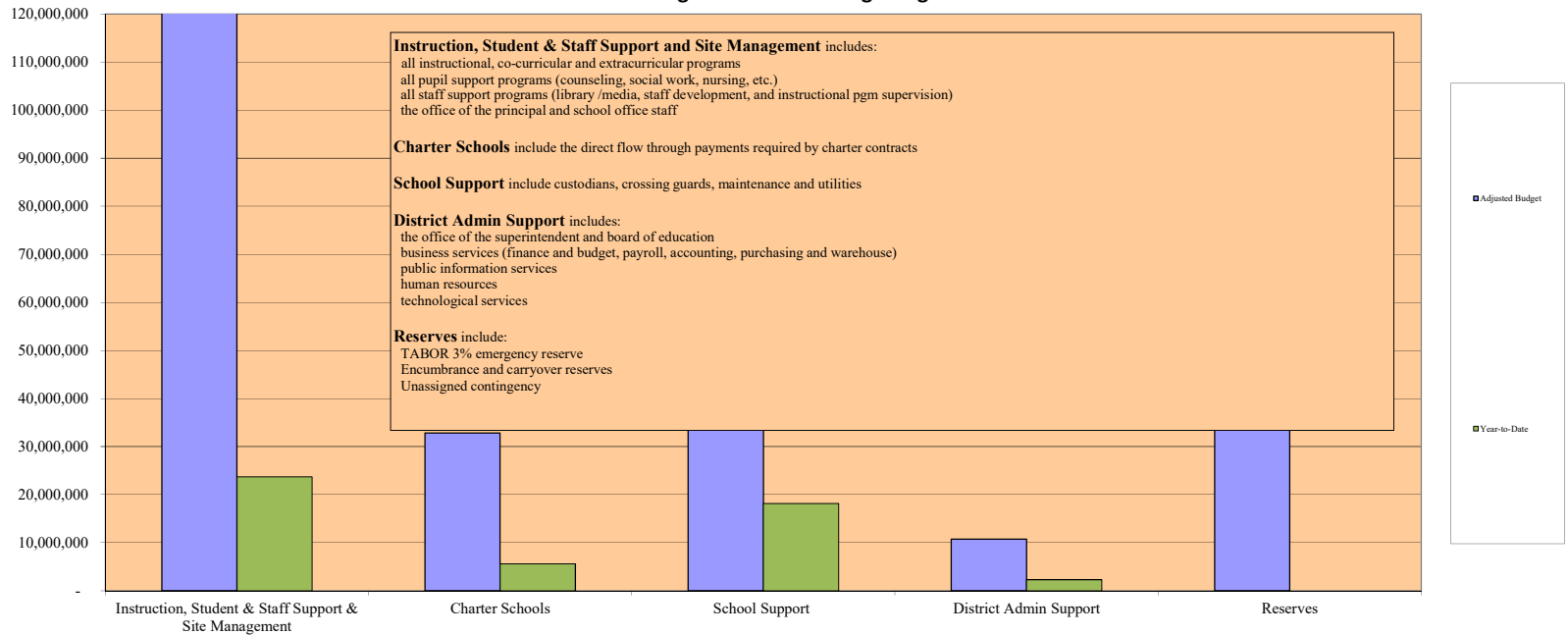
□ % of Year

■ Year-to-Date

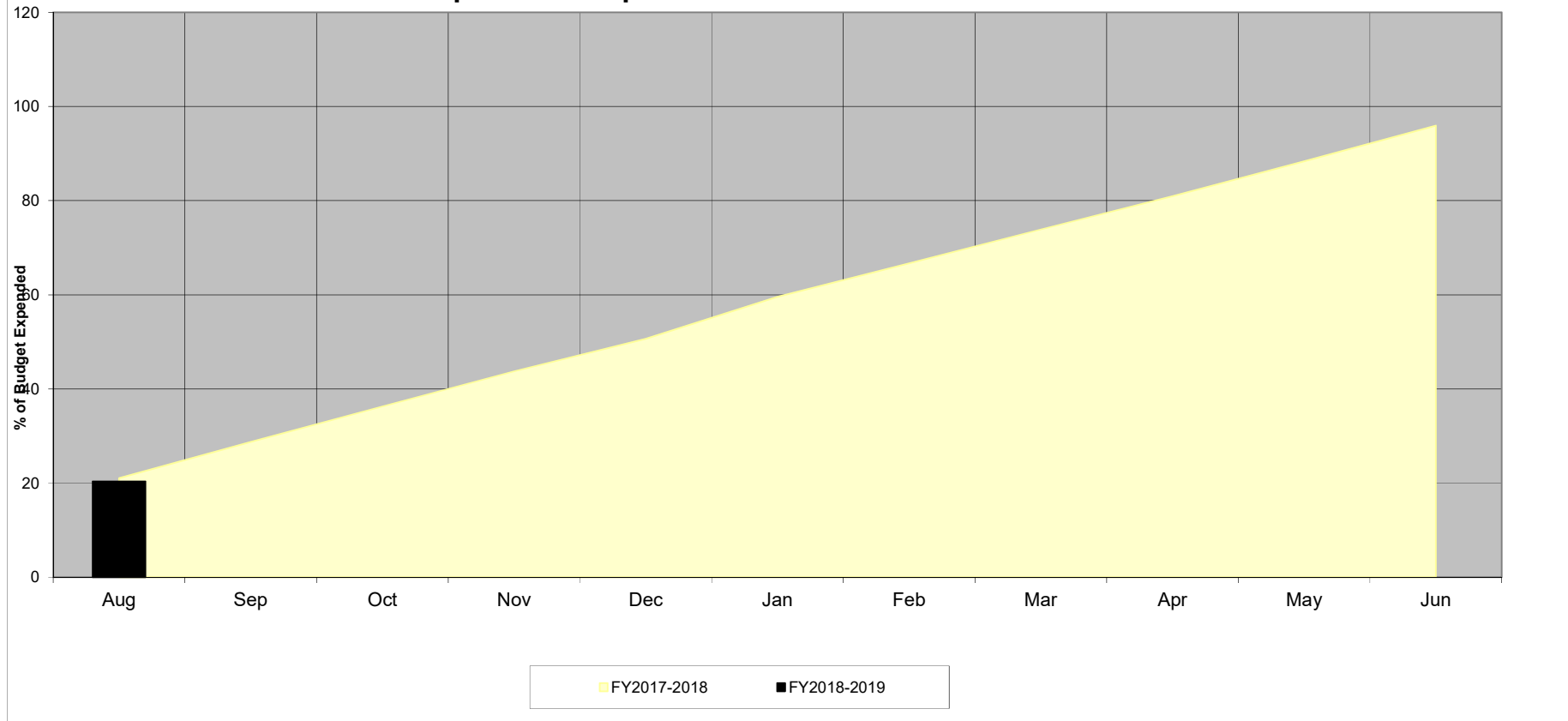
■ Aug

■ Jul

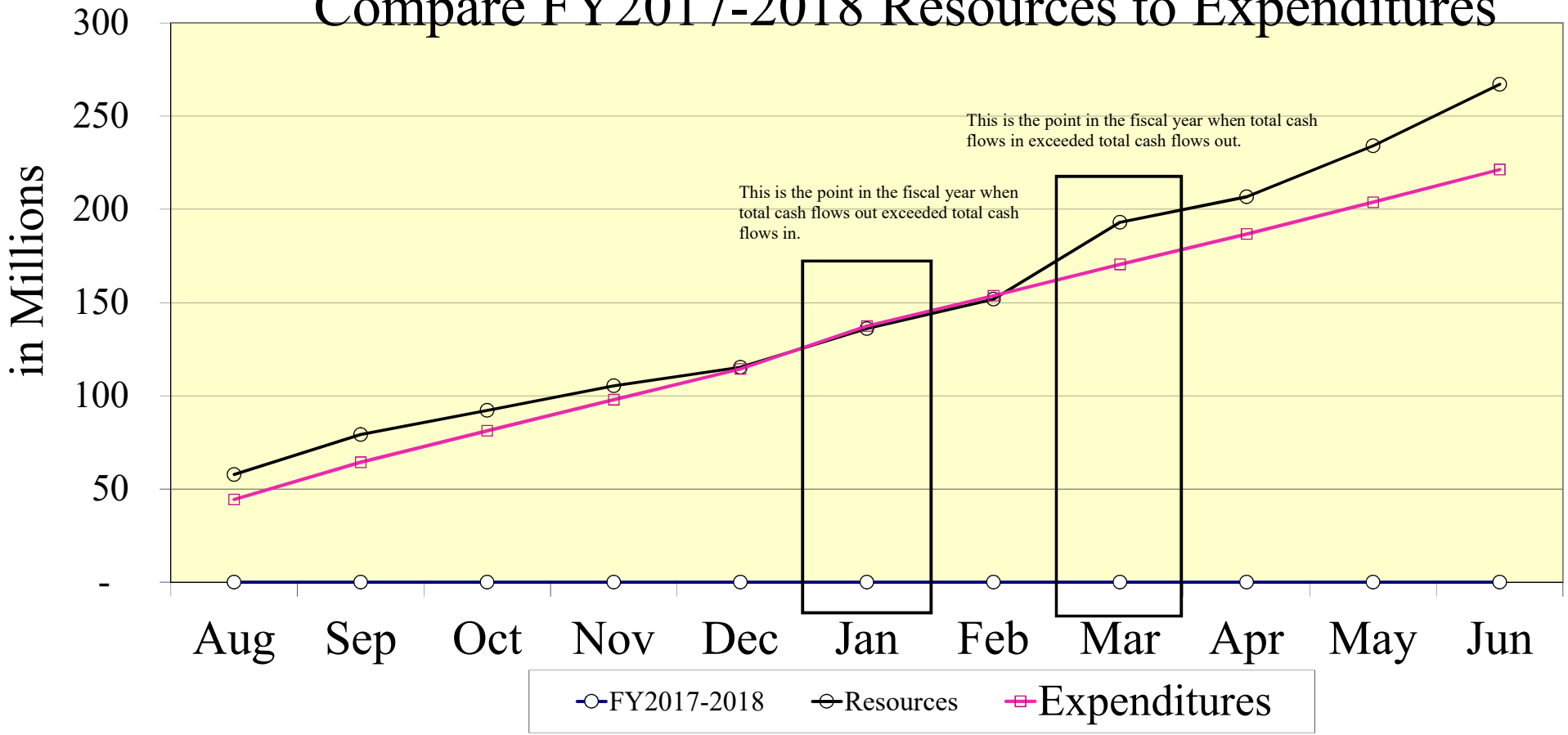
**General Fund Expenditures Budget To Actual by Major Program Category
Year-to-Date Budget to Actual through August 2018**



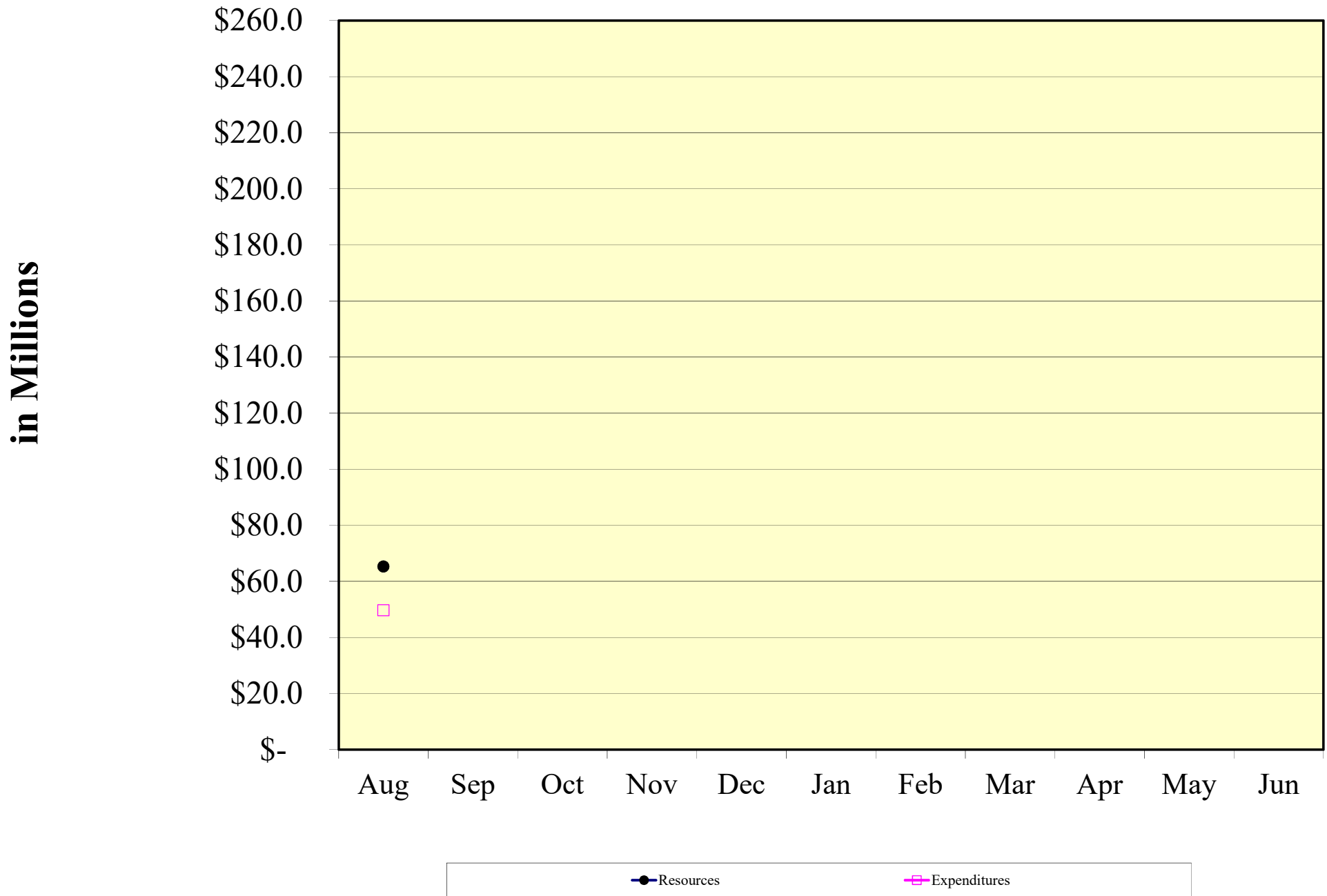
Compare YTD Expenditures between FY2018 and FY2019



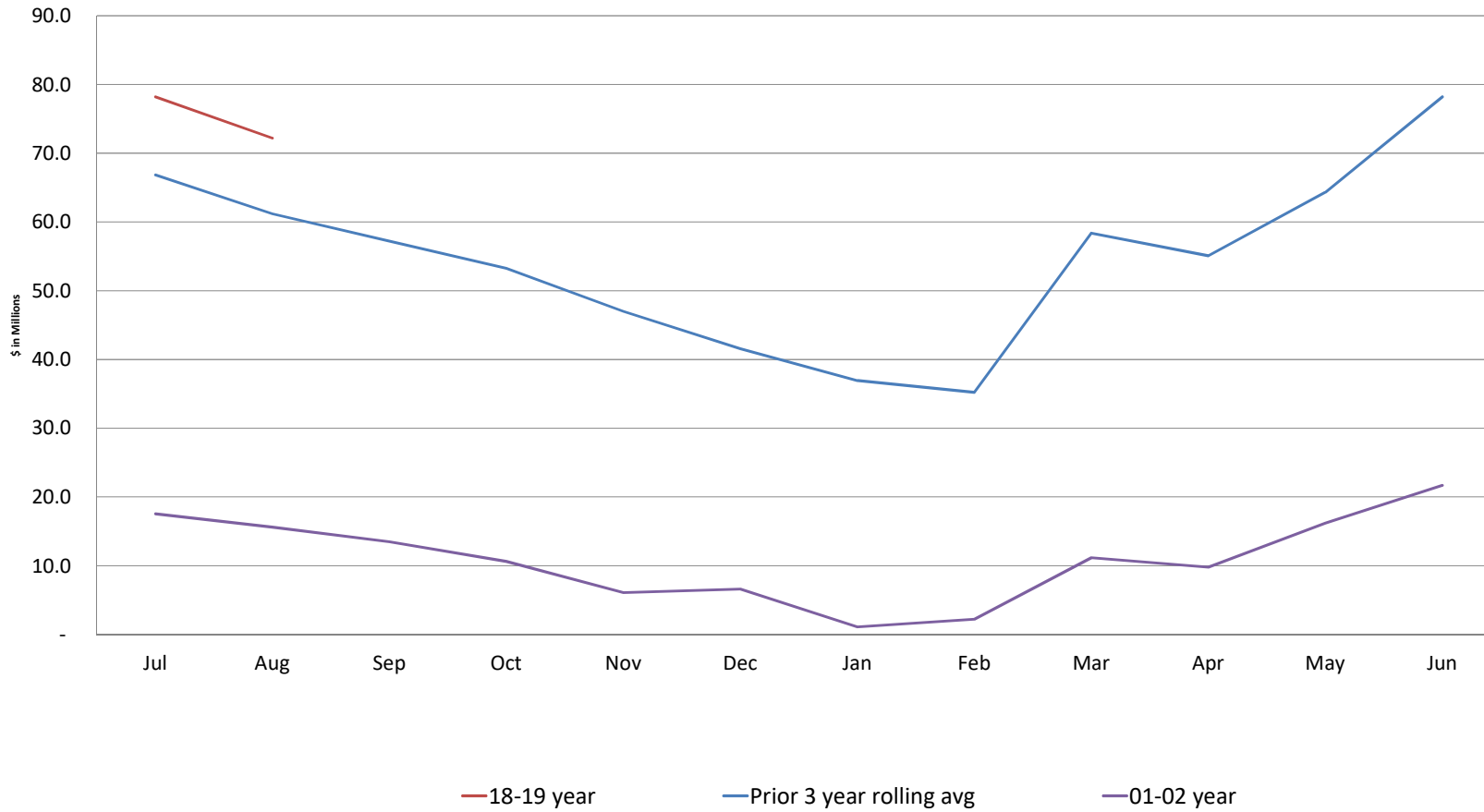
Compare FY2017-2018 Resources to Expenditures



Compare FY 2018-2019 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 August 2018
Percent of Year Completed - 16.67%

	Adjusted Budget	Actual	% of Actual Revenue to Adjusted Budget	Variance Adjusted Budget to Actual	% of Budget	FY2018 Final Budget	FY2018 Actual	Variance Adjusted Budget to Actual	FY2018 % of Budget
Local Revenue	\$84,733,434	\$2,272,282	2.68%	(\$82,461,152)	0.82%	\$82,595,190	\$1,422,281	(\$81,172,909)	0.53%
State Revenue	151,783,025	24,147,190	15.91%	(127,635,835)	8.67%	136,480,701	23,160,510	(113,320,191)	8.67%
Federal Revenue	3,130,000	119,949	3.83%	(3,010,051)	0.04%	3,130,000	95,968	(3,034,032)	0.04%
Total Revenue Budget	239,646,459	26,539,421	11.07%	(213,107,038)	9.53%	222,205,891	24,678,759	(197,527,132)	9.24%
Fund Balance & Transfers	38,775,840	38,775,840		0	13.93%	45,022,304	37,715,457	(7,306,847)	14.11%
Total Revenue & Fund Balance	\$278,422,299	\$65,315,261		(\$213,107,038)	23.46%	\$267,228,195	\$62,394,216	(\$204,833,979)	23.35%
Object and Job Class									
Administrators									
Salaries	\$13,135,355	\$2,095,663		\$11,039,692	15.95%	\$12,262,390	\$1,978,199	\$10,284,191	16.13%
Benefits	3,329,670	528,308		2,801,362	15.87%	3,049,070	488,504	2,560,566	16.02%
Subtotal	16,465,025	2,623,971		13,841,054	15.94%	15,311,460	2,466,703	12,844,757	16.11%
Teachers									
Salaries	93,071,331	13,648,444		79,422,887	14.66%	86,119,346	13,518,424	72,600,922	15.70%
Benefits	25,661,360	3,785,877		21,875,483	14.75%	22,890,292	3,649,257	19,241,035	15.94%
Subtotal	118,732,691	17,434,321		101,298,370	14.68%	109,009,638	17,167,681	91,841,957	15.75%
Non-teaching Professionals									
Salaries	2,216,010	368,883		1,847,127	16.65%	1,987,027	324,286	1,662,741	16.32%
Benefits	673,990	105,677		568,313	15.68%	511,600	92,901	418,699	18.16%
Subtotal	2,890,000	474,560		2,415,440	16.42%	2,498,627	417,187	2,081,440	16.70%
Paraprofessionals									
Salaries	7,940,597	1,114,951		6,825,646	14.04%	7,302,789	1,052,929	6,249,860	14.42%
Benefits	2,707,610	376,886		2,330,724	13.92%	2,279,193	353,241	1,925,952	15.50%
Subtotal	10,648,207	1,491,837		9,156,370	14.01%	9,581,982	1,406,170	8,175,812	14.68%
Office & Admin Support									
Salaries	7,283,203	1,155,412		6,127,791	15.86%	6,841,228	1,052,228	5,789,000	15.38%
Benefits	2,297,824	352,252		1,945,572	15.33%	1,998,531	319,563	1,678,968	15.99%
Subtotal	9,581,027	1,507,664		8,073,363	15.74%	8,839,759	1,371,791	7,467,968	15.52%
Skilled Trades									
Salaries	8,204,560	1,270,839		6,933,721	15.49%	7,582,025	1,107,708	6,474,317	14.61%
Benefits	2,618,820	396,904		2,221,916	15.16%	2,277,860	342,471	1,935,389	15.03%
Subtotal	10,823,380	1,667,743		9,155,637	15.41%	9,859,885	1,450,179	8,409,706	14.71%
Total Salaries & Benefits									
Salaries	131,851,056	19,654,192		112,196,864	14.91%	122,094,805	19,033,774	103,061,031	15.59%
Benefits	37,289,274	5,545,904		31,743,370	14.87%	33,006,546	5,245,937	27,760,609	15.89%
Subtotal	169,140,330	25,200,096		143,940,234	14.90%	155,101,351	24,279,711	130,821,640	15.65%

General Fund
Operating Summary by Object
Year to Date through August 2018
Percent of Year Completed - 16.67%

	Adjusted Budget	Actual	% of Actual Revenue to Adjusted Budget	Variance Adjusted Budget to Actual	% of Budget	FY2018 Final Budget	FY2018 Actual	Variance Adjusted Budget to Actual	FY2018 % of Budget
Non-Salaries									
Purchased Professional & Technical	3,693,204	301,431		3,391,773	8.16%	4,018,892	510,175	3,508,717	12.69%
Purchased Property Services	3,237,040	497,016		2,740,024	15.35%	3,218,854	557,951	2,660,903	17.33%
Other Purchased Services	8,163,413	1,343,448		6,819,965	16.46%	8,172,529	1,315,255	6,857,274	16.09%
Subtotal	15,093,657	2,141,895		12,951,762	14.19%	15,410,275	2,383,381	13,026,894	15.47%
Supplies	10,518,751	1,069,807		9,448,944	10.17%	11,299,521	1,465,764	9,833,757	12.97%
Equipment	308,548	189,319		119,229	61.36%	732,396	133,588	598,808	18.24%
Other Expenses	608,725	128,436		480,289	21.10%	572,199	122,472	449,727	21.40%
Subtotal	11,436,024	1,387,562		10,048,462	12.13%	12,604,116	1,721,824	10,882,292	13.66%
Subtotal Expenditure Accounts	195,670,011	28,729,553		166,940,458	14.68%	183,115,742	28,384,916	154,730,826	15.50%
Transfer - Charter Schools	32,789,044	5,561,198		27,227,846	16.96%	27,827,316	4,653,068	23,174,248	16.72%
Transfer - CRCP Fund	2,775,125	2,775,125		0	100.00%	8,579,244	2,777,875	5,801,369	32.38%
Transfer - Transportation Fund	6,300,155	6,300,155		0	100.00%	5,340,230	5,340,230	0	100.00%
Transfer - Technology Fund	6,332,644	6,332,644		0	100.00%	5,812,604	5,960,925	-148,321	102.55%
Subtotal	48,196,968	20,969,122		27,227,846	43.51%	47,559,394	18,732,098	28,827,296	39.39%
Total Expenditure Accounts & Transfers/Allocations	243,866,979	49,698,675		194,168,304	20.38%	230,675,136	47,117,014	183,558,122	20.43%
TABOR Reserve	5,866,000			5,866,000	0.00%	5,626,000	0	5,626,000	0.00%
Contingency & Other Reserves	6,311,320			6,311,320	0.00%	5,463,609	0	5,463,609	0.00%
Reserve for encumbrance & unanti	22,378,000			22,378,000	0.00%	25,463,450	0	25,463,450	0.00%
Subtotal	34,555,320	0		34,555,320	0.00%	36,553,059	0	36,553,059	0.00%
Total Appropriated Budget	\$278,422,299	\$49,698,675		\$228,723,624	17.85%	\$267,228,195	\$47,117,014	\$220,111,181	17.63%
Total Resources Over (Under)									
Total Expenditures		\$15,616,587					\$15,277,202		