

ACADEMY 20 BOARD OF EDUCATION
September 18, 2014

Subject: Monthly Financial Report through August 2014.

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: September 9, 2014

Academy School District Twenty

Dr. Mark Hatchell, *Superintendent of Schools*

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MEMORANDUM

TO: Dr. Mark Hatchell, Superintendent
Board of Education

FROM: Tom Gregory, District Fiscal Officer

DATE: September 9, 2014

SUBJECT: July & August Financial Report

REVENUES

Graph #1 and Table #1 show that through July and August we have collected about 8.9% 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 8.7%. 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 2 months of the year complete (16.7%), spending, which includes total appropriation, is at 18.3%. 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 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
- 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 2014-2015 services billed and paid early in the year.

"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 (21.4%) 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 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". 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 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.

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 will be set as required by the June 30, 2014 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 \$15,954,525, the required amounts for December principal and interest payments, to our bond paying agents. The current account balance of \$24,576,179 is sufficient to provide the amount necessary for the December 2014 payments.

Investments	Aug-14	Jul-14	Jun-14	May-14	Apr-14
General Fund Account					
Colotrust	52,128,433	57,688,465	60,917,818	51,532,585	39,432,835
Total General Fund	52,128,433	57,688,465	60,917,818	51,532,585	39,432,835
TABOR Account					
Colotrust	4,593,000	4,593,000	4,593,000	4,593,000	4,593,000
Total TABOR	4,593,000	4,593,000	4,593,000	4,593,000	4,593,000
Bond Redemption Account					
Wells Fargo - Colotrust	24,576,179	24,377,446	24,341,624	21,992,208	17,571,843
Total Bond Redemption	24,576,179	24,377,446	24,341,624	21,992,208	17,571,843
Total Investments	\$81,297,612	\$86,658,911	\$89,852,442	\$78,117,793	\$61,597,678

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.

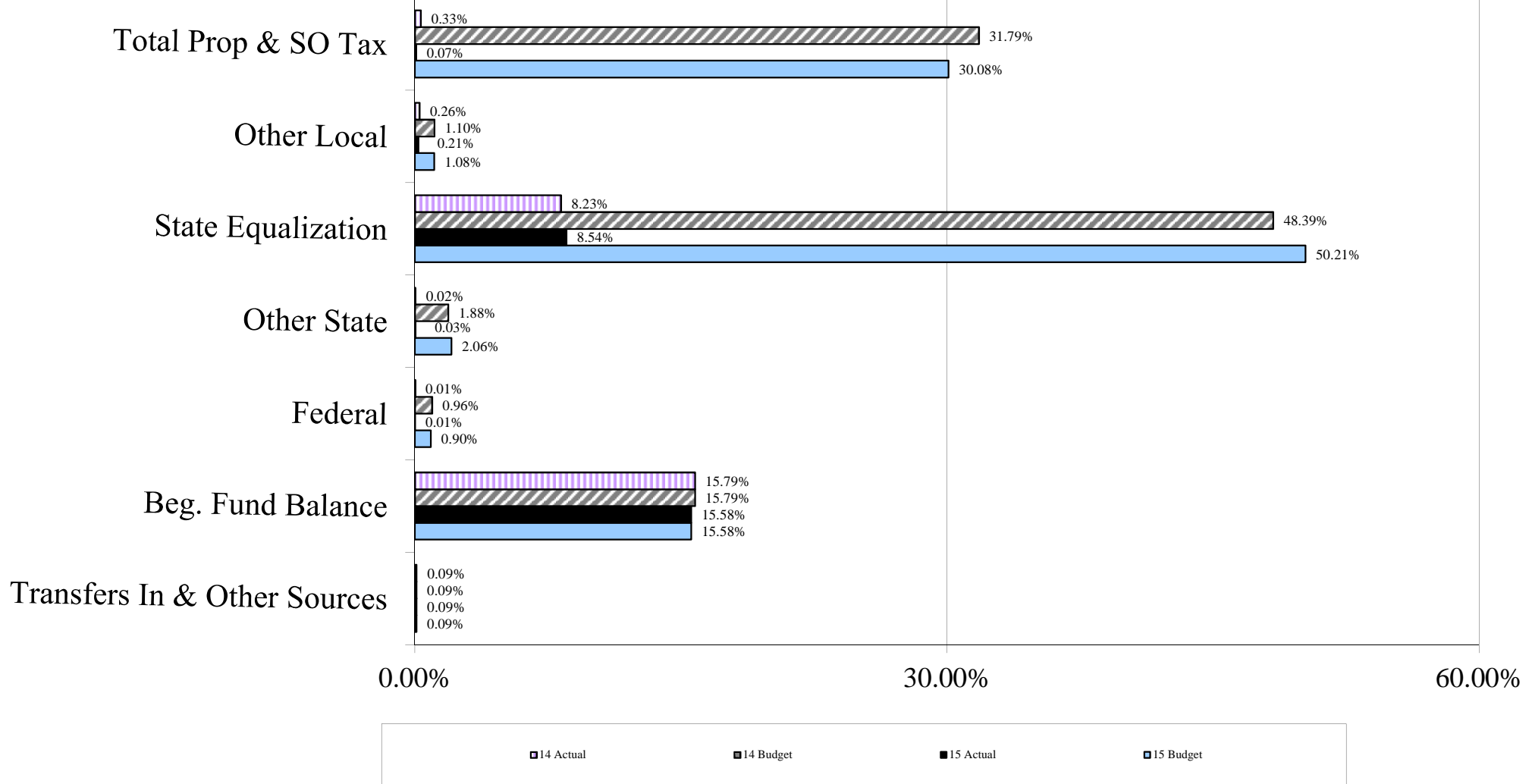
July & August 2014

General Fund

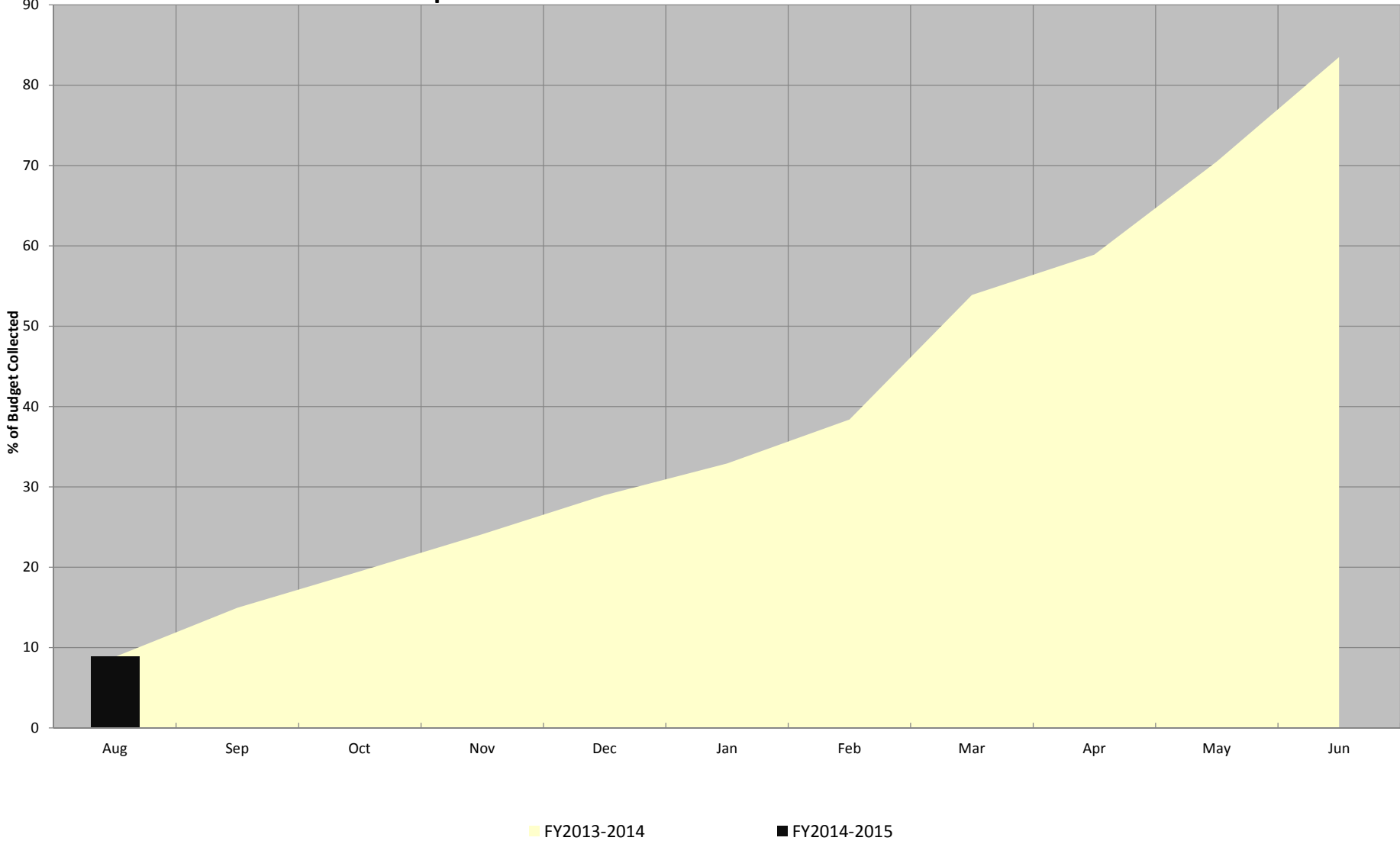
Financial Report

General Fund Major Revenue Categories

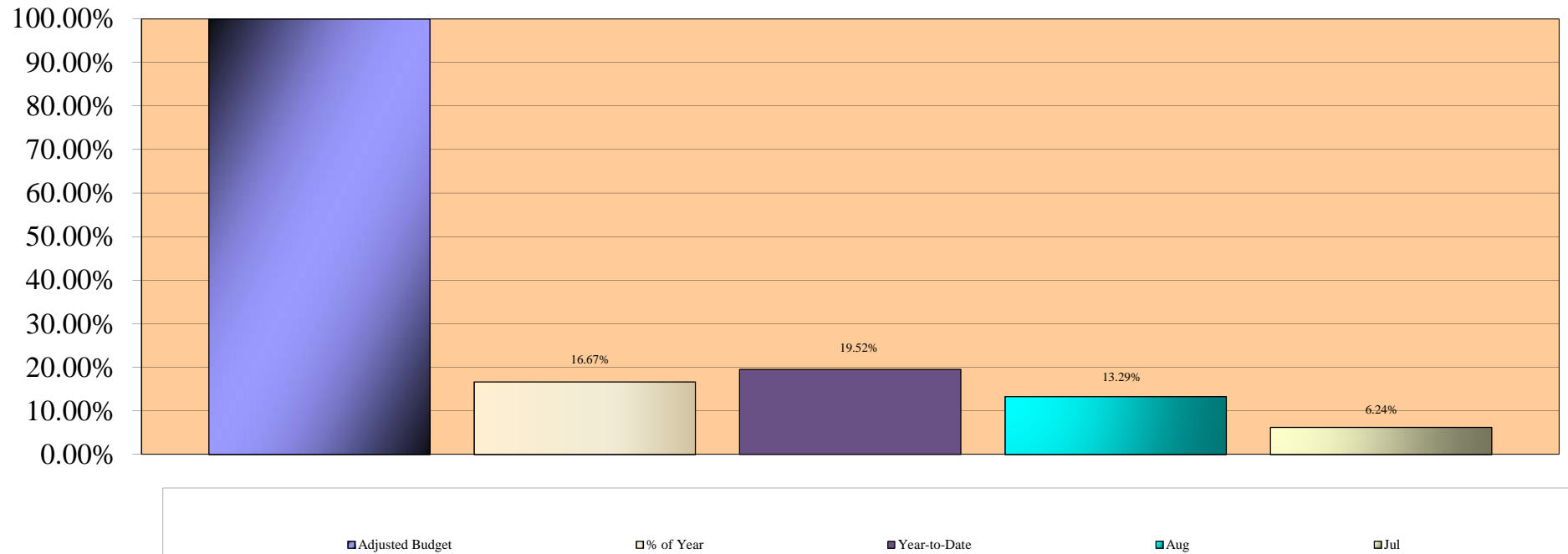
Year-to-Date Budget to Actual through August 2014 Compared to Year-to-Date Budget to Actual through August 2013



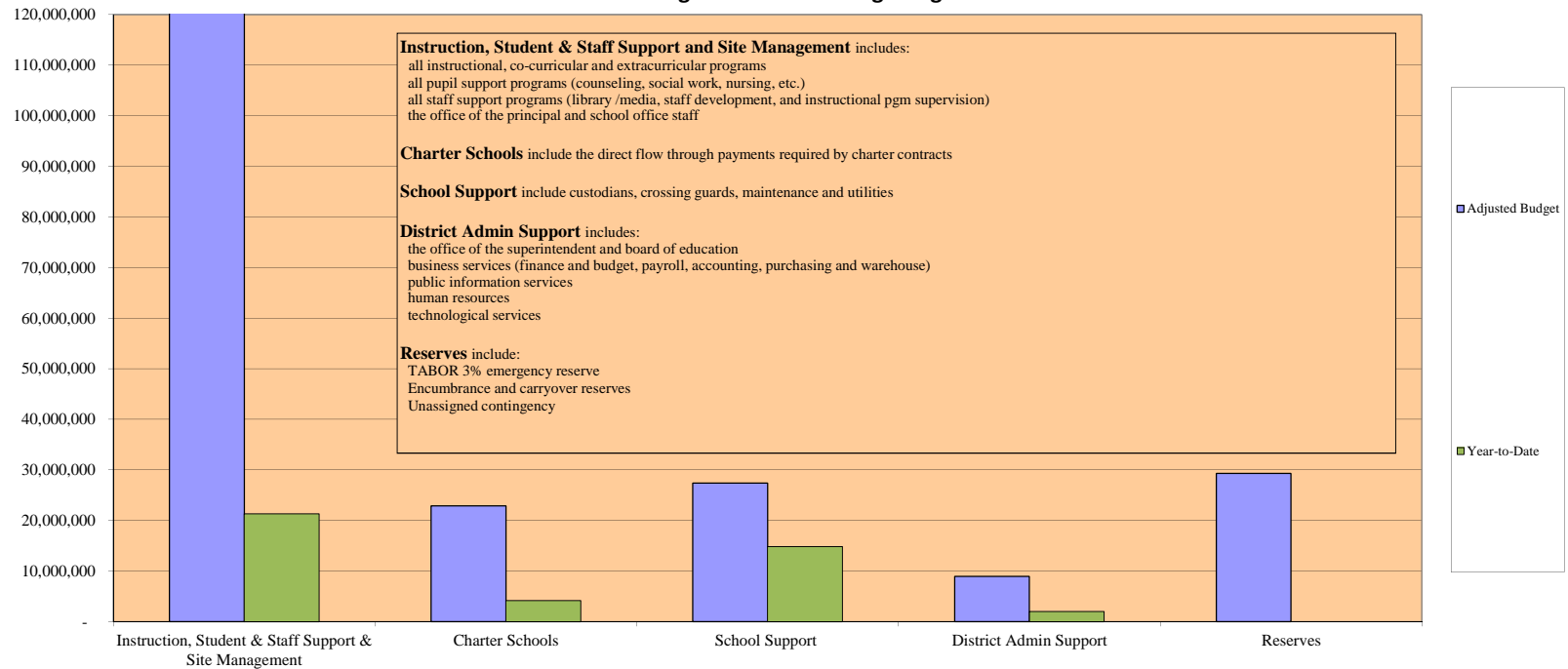
Compare YTD Revenues between FY2013 and FY2014



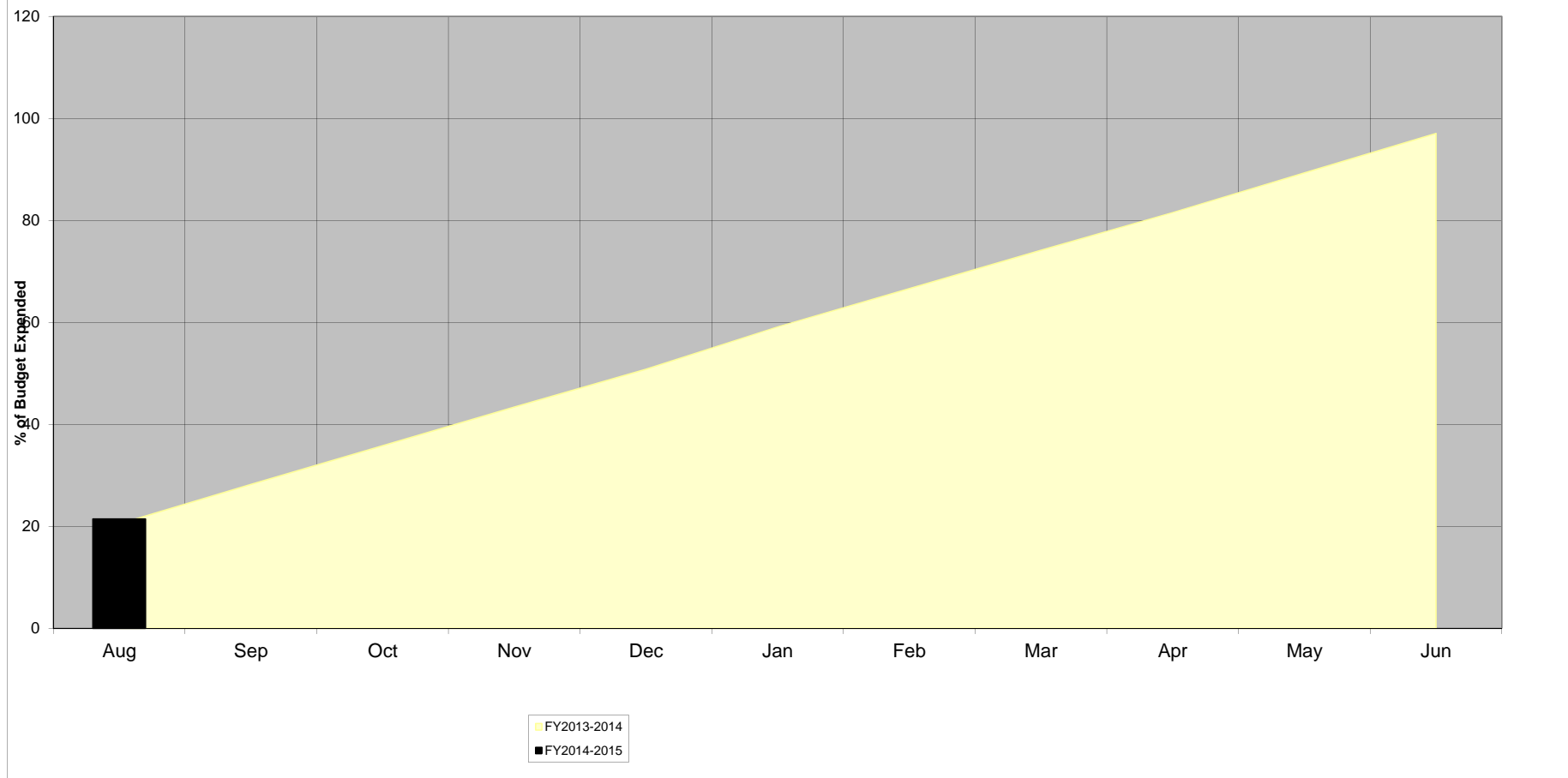
General Fund Total Expenditures Budget to Actual Comparison by Month and Year-to-Date - Unaudited



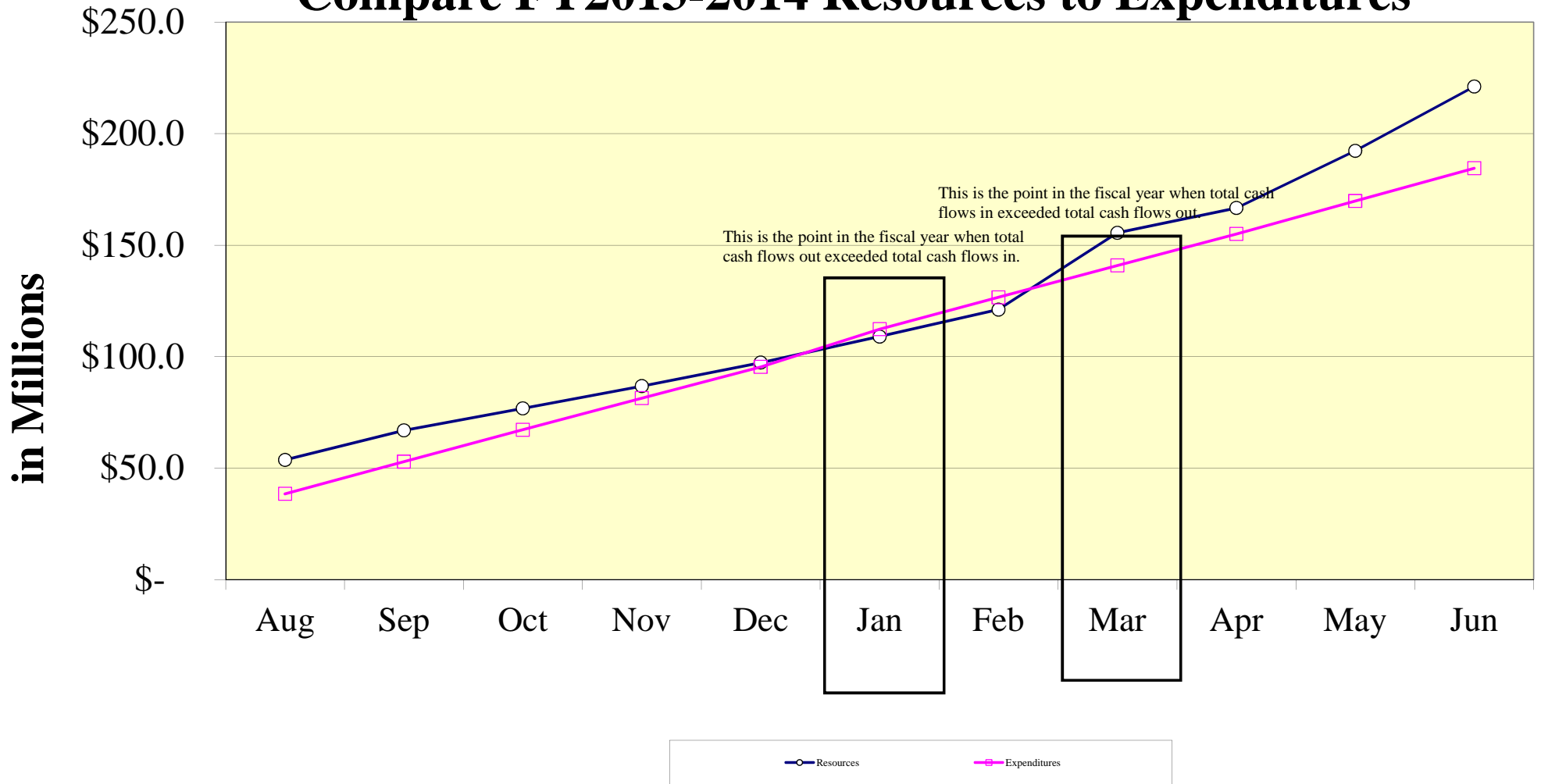
**General Fund Expenditures Budget To Actual by Major Program Category
Year-to-Date Budget to Actual through August 2014**



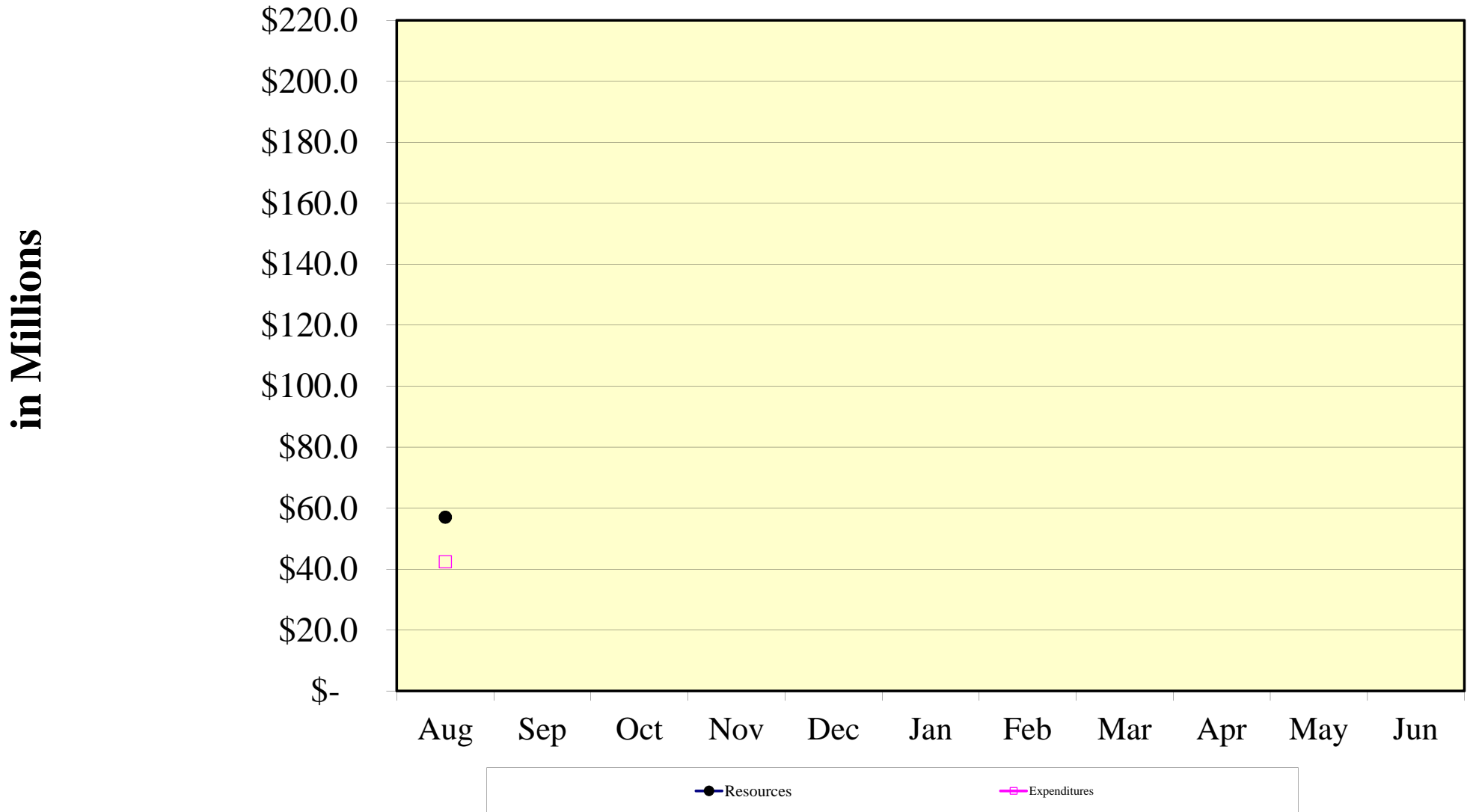
Compare YTD Expenditures between FY2013 and FY2014



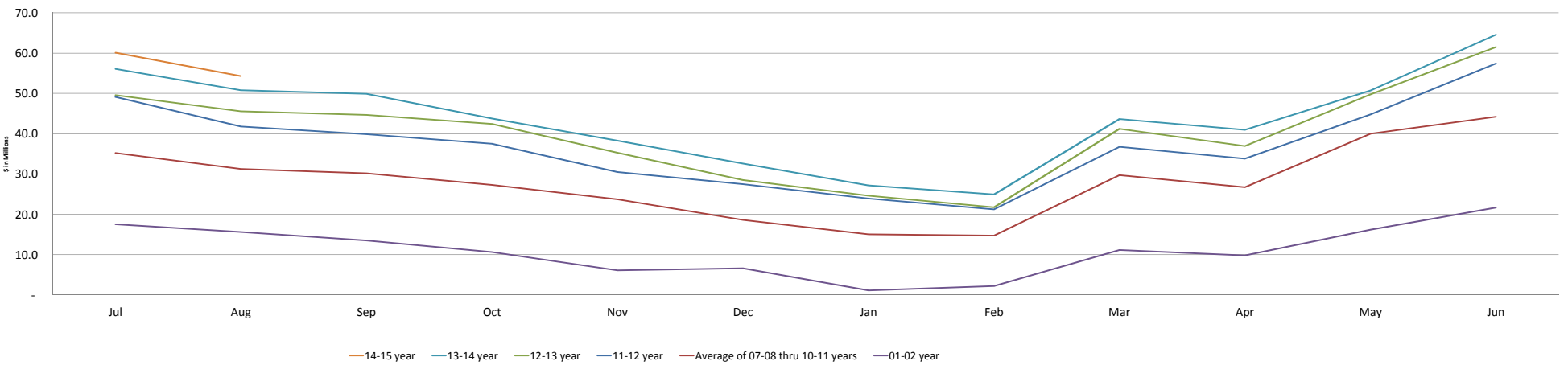
Compare FY2013-2014 Resources to Expenditures



Compare FY 2014-2015 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 Aug 2014
Percent of Year Completed - 16.7%

	Adjusted		% of Actual Revenue to Adjusted Budget	Variance Adjusted Budget to Actual		FY2014		Variance Adjusted Budget to Actual		FY2014
	Budget	Actual		Budget to Actual	% of Budget	Final Budget	Actual	Budget to Actual	% of Budget	
Local Revenue	\$72,390,963	\$645,538	0.89%	(\$71,745,425)	0.28%	\$71,124,957	\$1,287,254	(\$69,837,703)	0.58%	
State Revenue	121,401,830	19,914,570	16.40%	(101,487,260)	8.57%	112,422,442	17,904,646	(94,517,796)	8.08%	
Federal Revenue	<u>2,080,000</u>	<u>21,059</u>	<u>1.01%</u>	<u>(2,058,941)</u>	<u>0.01%</u>	<u>2,080,000</u>	<u>15,118</u>	<u>(2,064,882)</u>	<u>0.01%</u>	
Total Revenue Budget	195,872,793	20,581,167	10.51%	(175,291,626)	8.86%	185,627,399	19,207,018	(166,420,381)	8.66%	
Fund Balance & Transfers	<u>36,377,689</u>	<u>36,377,689</u>		<u>0</u>	<u>15.66%</u>	<u>36,055,032</u>	<u>34,481,058</u>	<u>-1,573,974</u>	<u>15.55%</u>	
Total Revenue & Fund Balance	<u>\$232,250,482</u>	<u>\$56,958,856</u>		<u>(\$175,291,626)</u>	<u>24.52%</u>	<u>\$221,682,431</u>	<u>\$53,688,076</u>	<u>(\$167,994,355)</u>	<u>24.22%</u>	
Object and Job Class										
Administrators										
Salaries	\$10,804,085	\$1,803,739		\$9,000,346	16.69%	\$10,460,288	\$1,711,555	\$8,748,733	16.36%	
Benefits	<u>2,539,430</u>	<u>399,898</u>		<u>2,139,532</u>	<u>15.75%</u>	<u>2,327,370</u>	<u>373,757</u>	<u>1,953,613</u>	<u>16.06%</u>	
Subtotal	13,343,515	2,203,637		11,139,878	16.51%	12,787,658	2,085,312	10,702,346	16.31%	
Teachers										
Salaries	78,702,864	12,665,140		66,037,724	16.09%	75,481,730	12,043,667	63,438,063	15.96%	
Benefits	<u>19,945,004</u>	<u>3,140,068</u>		<u>16,804,936</u>	<u>15.74%</u>	<u>18,274,750</u>	<u>2,877,643</u>	<u>15,397,107</u>	<u>15.75%</u>	
Subtotal	98,647,868	15,805,208		82,842,660	16.02%	93,756,480	14,921,310	78,835,170	15.91%	
Non-teaching Professionals										
Salaries	1,813,415	310,334		1,503,081	17.11%	1,781,290	280,218	1,501,072	15.73%	
Benefits	<u>493,140</u>	<u>80,094</u>		<u>413,046</u>	<u>16.24%</u>	<u>425,530</u>	<u>70,699</u>	<u>354,831</u>	<u>16.61%</u>	
Subtotal	2,306,555	390,428		1,916,127	16.93%	2,206,820	350,917	1,855,903	15.90%	
Paraprofessionals										
Salaries	5,907,720	899,477		5,008,243	15.23%	5,637,033	831,651	4,805,382	14.75%	
Benefits	<u>1,888,913</u>	<u>281,537</u>		<u>1,607,376</u>	<u>14.90%</u>	<u>1,654,465</u>	<u>259,537</u>	<u>1,394,928</u>	<u>15.69%</u>	
Subtotal	7,796,633	1,181,014		6,615,619	15.15%	7,291,498	1,091,188	6,200,310	14.97%	
Office & Admin Support										
Salaries	6,394,149	1,043,045		5,351,104	16.31%	6,023,130	958,420	5,064,710	15.91%	
Benefits	<u>1,857,100</u>	<u>287,734</u>		<u>1,569,366</u>	<u>15.49%</u>	<u>1,665,213</u>	<u>259,860</u>	<u>1,405,353</u>	<u>15.61%</u>	
Subtotal	8,251,249	1,330,779		6,920,470	16.13%	7,688,343	1,218,280	6,470,063	15.85%	
Skilled Trades										
Salaries	6,504,410	1,041,665		5,462,745	16.01%	6,252,196	1,025,496	5,226,700	16.40%	
Benefits	<u>1,923,392</u>	<u>295,341</u>		<u>1,628,051</u>	<u>15.36%</u>	<u>1,749,818</u>	<u>273,346</u>	<u>1,476,472</u>	<u>15.62%</u>	
Subtotal	8,427,802	1,337,006		7,090,796	15.86%	8,002,014	1,298,842	6,703,172	16.23%	
Total Salaries & Benefits										
Salaries	110,126,643	17,763,400		92,363,243	16.13%	105,635,667	16,851,007	88,784,660	15.95%	
Benefits	<u>28,646,979</u>	<u>4,484,672</u>		<u>24,162,307</u>	<u>15.65%</u>	<u>26,097,146</u>	<u>4,114,842</u>	<u>21,982,304</u>	<u>15.77%</u>	
Subtotal	138,773,622	22,248,072		116,525,550	16.03%	131,732,813	20,965,849	110,766,964	15.92%	

General Fund
Operating Summary by Object
Year to Date through Aug 2014
Percent of Year Completed - 16.7%

	Adjusted		% of Actual Revenue to Adjusted Budget	Variance Adjusted		FY2014 Final Budget	FY2014 Actual	Variance Adjusted	
	Budget	Actual		Budget to Actual	% of Budget			Budget to Actual	% of Budget
Non-Salaries									
Purchased Professional & Technical Services	2,101,510	460,349		1,641,161	21.91%	2,275,715	325,400	1,950,315	14.30%
Purchased Property Services	3,662,785	804,038		2,858,747	21.95%	3,474,780	804,959	2,669,821	23.17%
Other Purchased Services	5,621,178	1,174,972		4,446,206	20.90%	4,543,314	1,120,524	3,422,790	24.66%
Subtotal	11,385,473	2,439,359		8,946,114	21.43%	10,293,809	2,250,883	8,042,926	21.87%
Supplies	9,749,360	1,241,391		8,507,969	12.73%	10,497,787	795,591	9,702,196	7.58%
Equipment	224,314	110,249		114,065	49.15%	156,041	55,911	100,130	35.83%
Other Expenses	416,609	78,978		337,631	18.96%	433,968	122,002	311,966	28.11%
Subtotal	10,390,283	1,430,618		8,959,665	13.77%	11,087,796	973,504	10,114,292	8.78%
Subtotal Expenditure Accounts	160,549,378	26,118,049		134,431,329	16.27%	153,114,418	24,190,236	128,924,182	15.80%
Transfer - Charter Schools	25,007,004	4,167,834		20,839,170	16.67%	23,335,967	3,815,062	19,520,905	16.35%
Transfer - CRCP Fund	2,371,610	2,371,610		0	100.00%	3,349,915	2,118,375	1,231,540	0.00%
Transfer - Transportation Fund	5,080,410	5,080,410		0	100.00%	4,465,052	4,089,868	375,184	91.60%
Transfer - Technology Fund	4,648,890	4,648,890		0	100.00%	4,262,687	4,253,272	9,415	99.78%
Subtotal	37,107,914	16,268,744		20,839,170	43.84%	35,413,621	14,276,577	21,137,044	40.31%
Total Expenditure Accounts & Transfers/Allocations	197,657,292	42,386,793		155,270,499	21.44%	188,528,039	38,466,813	150,061,226	20.40%
TABOR Reserve	4,593,000	0		4,593,000	0.00%	4,593,000	0	4,593,000	0.00%
Contingency & Other Reserves	7,186,540	0		7,186,540	0.00%	7,186,540	0	7,186,540	0.00%
Reserve for encumbrance & unanti	22,813,650	0		22,813,650	0.00%	21,374,852	0	21,374,852	0.00%
Subtotal	34,593,190	0		34,593,190	0.00%	33,154,392	0	33,154,392	0.00%
Total Appropriated Budget	\$232,250,482	\$42,386,793		\$189,863,689	18.25%	\$221,682,431	\$38,466,813	\$183,215,618	17.35%
Total Resources Over (Under)									
Total Expenditures		\$14,572,063					\$15,221,263		