

ACADEMY 20 BOARD OF EDUCATION  
September 17, 2015

**Subject:** Monthly Financial Report through August 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:** September 9, 2015



## MEMORANDUM

**TO:** Dr. Mark Hatchell, Superintendent  
Board of Education

**FROM:** Tom Gregory, District Fiscal Officer

**DATE:** September 9, 2015

**SUBJECT:** July & August Financial Report

### REVENUES

Graph #1 and Table #1 show that through July and August we have collected about 9.1% 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 8.2%. 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 2 months of the year complete (16.7%), spending, which includes total appropriation, is at 18.2%. 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 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
- 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 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 (20.9%) are comparable to last year (19.0%). 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.

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.

### **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 ten 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 will transfer \$15,892,325, the required amounts for December principal and interest payments, to our bond paying agents. The current account balance of \$23,676,216 is sufficient to provide the amount necessary for the December 2015 payments.

<b>Investments</b>	<b>Aug-15</b>	<b>Jul-15</b>	<b>Jun-15</b>	<b>May-15</b>	<b>Apr-15</b>
<b>General Fund Account</b>					
Colotrust	54,122,379	61,302,030	65,316,255	52,182,419	42,915,310
<b>Total General Fund</b>	54,122,379	61,302,030	65,316,255	52,182,419	42,915,310
<b>TABOR Account</b>					
Colotrust	4,853,000	4,853,000	4,853,000	4,853,000	4,853,000
<b>Total TABOR</b>	4,853,000	4,853,000	4,853,000	4,853,000	4,853,000
<b>Bond Redemption Account</b>					
Wells Fargo - Colotrust	23,676,216	23,502,804	23,431,896	20,524,471	16,798,614
<b>Total Bond Redemption</b>	23,676,216	23,502,804	23,431,896	20,524,471	16,798,614
<b>Total Investments</b>	<b>\$82,651,595</b>	<b>\$89,657,834</b>	<b>\$93,601,151</b>	<b>\$77,559,890</b>	<b>\$64,566,924</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.

**July & August 2015**

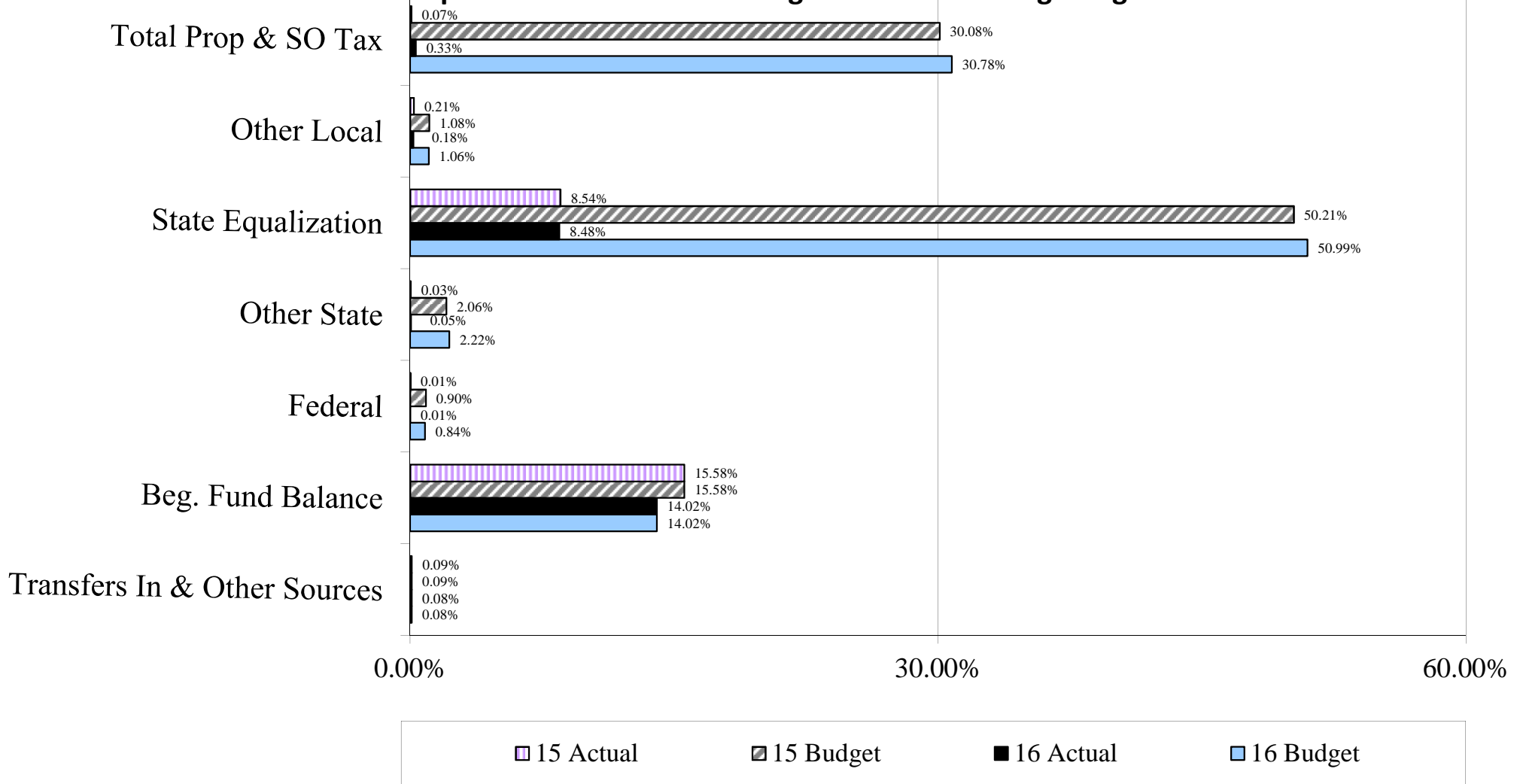
**General Fund**

**Financial Report**

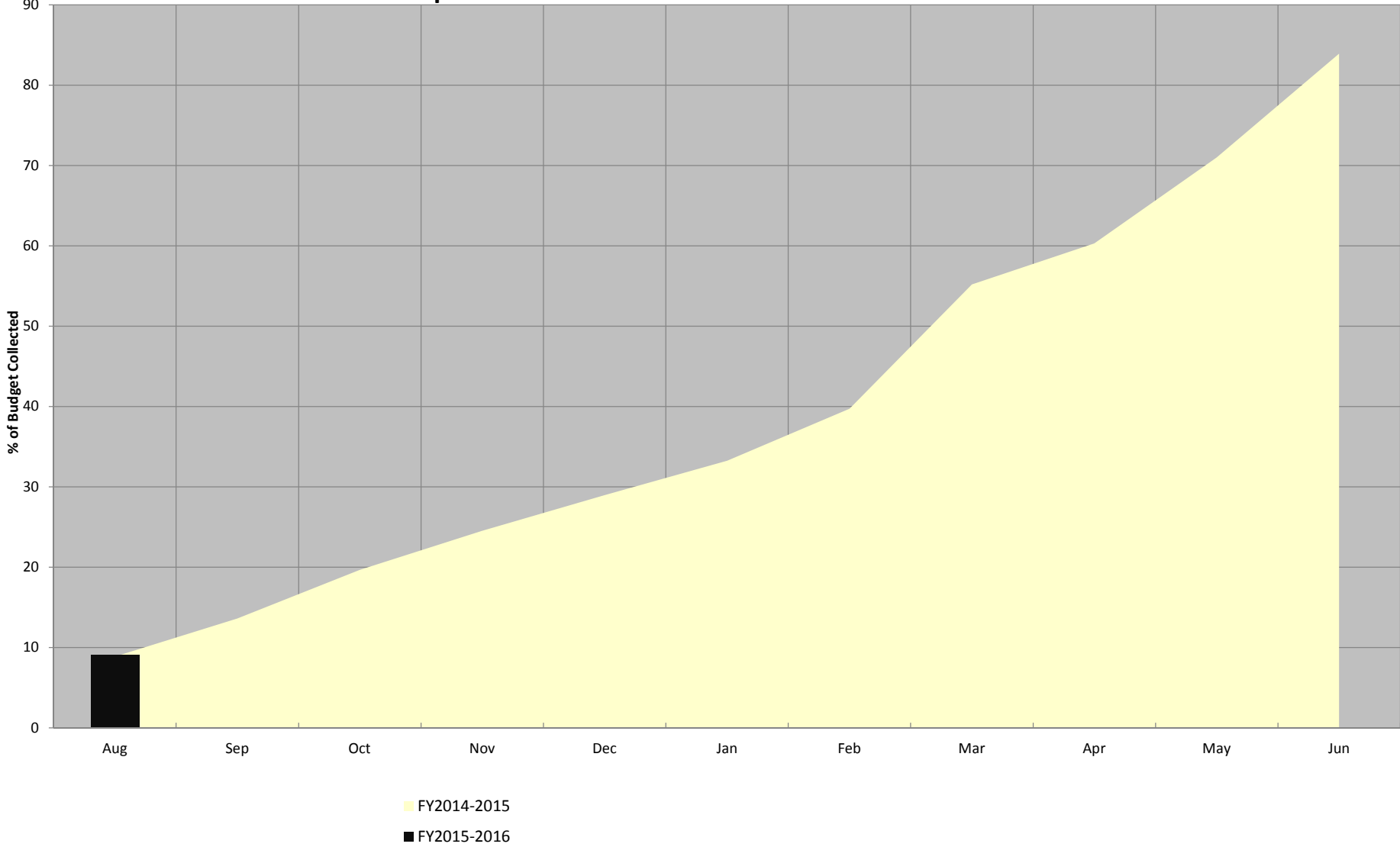
# General Fund Major Revenue Categories

Year-to-Date Budget to Actual through August 2015

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

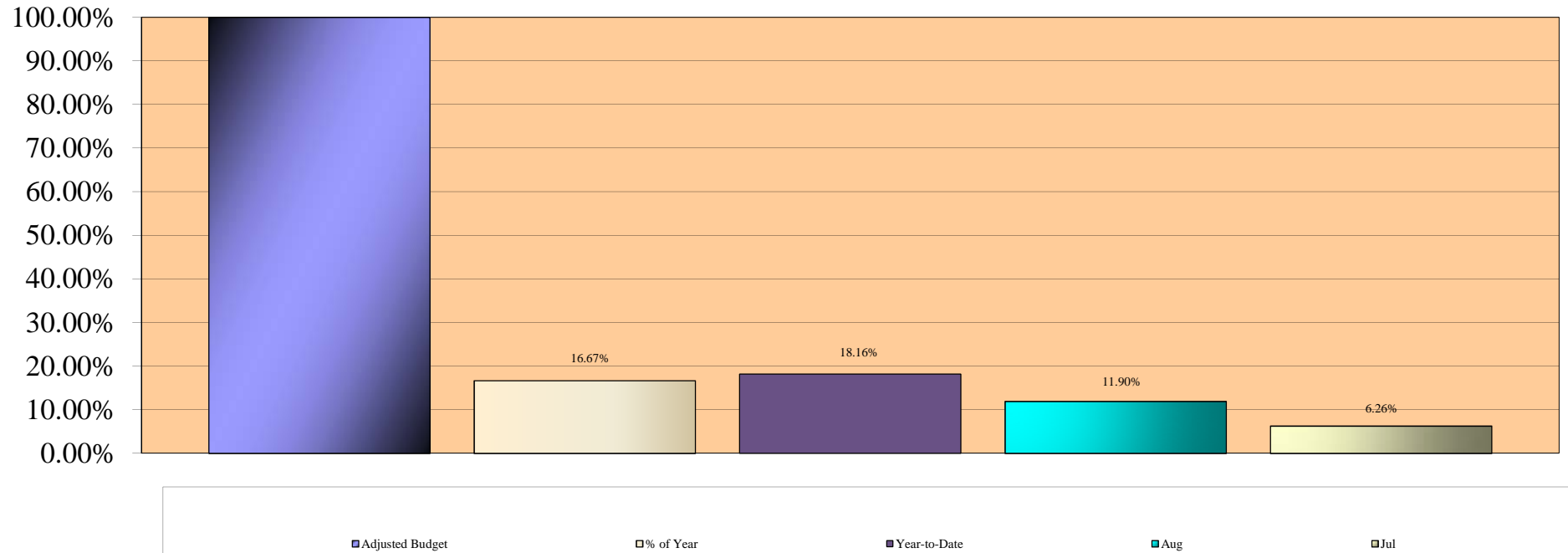


Compare YTD Revenues between FY2015 and FY2016

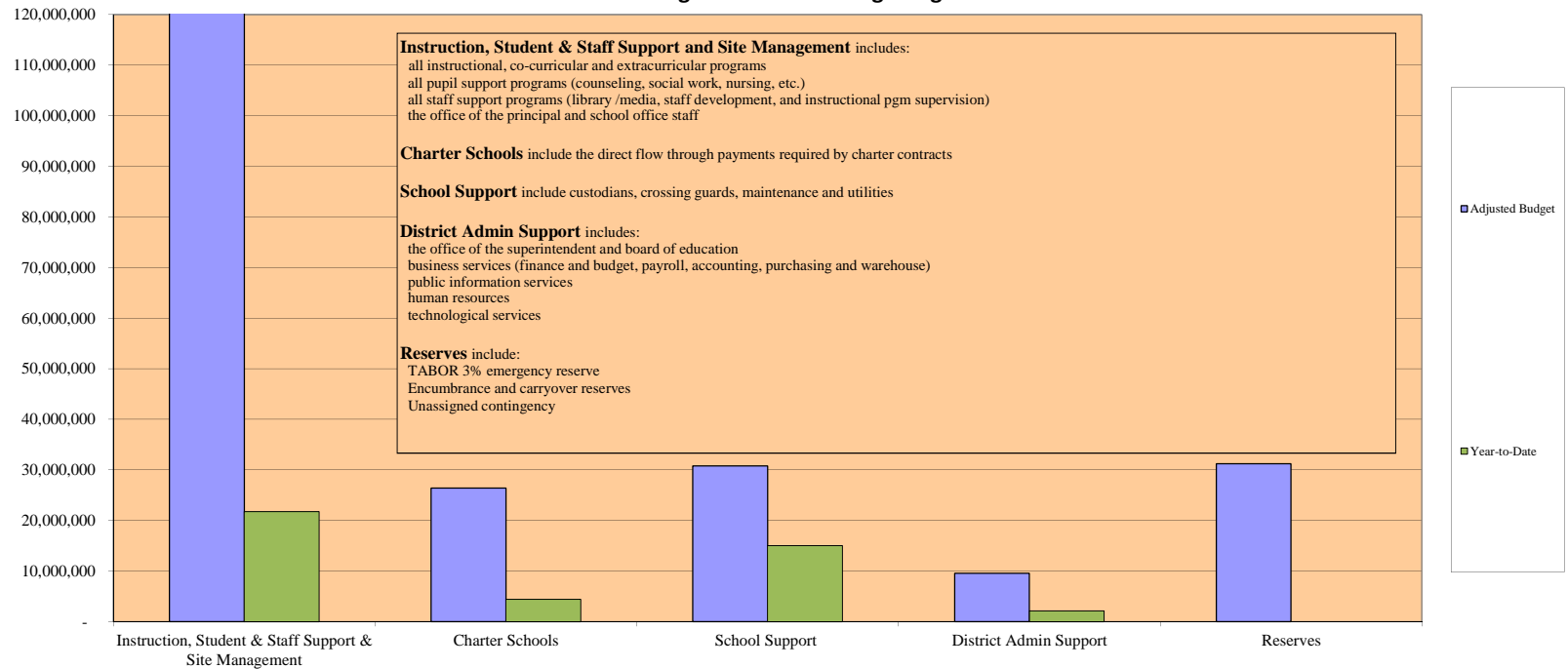




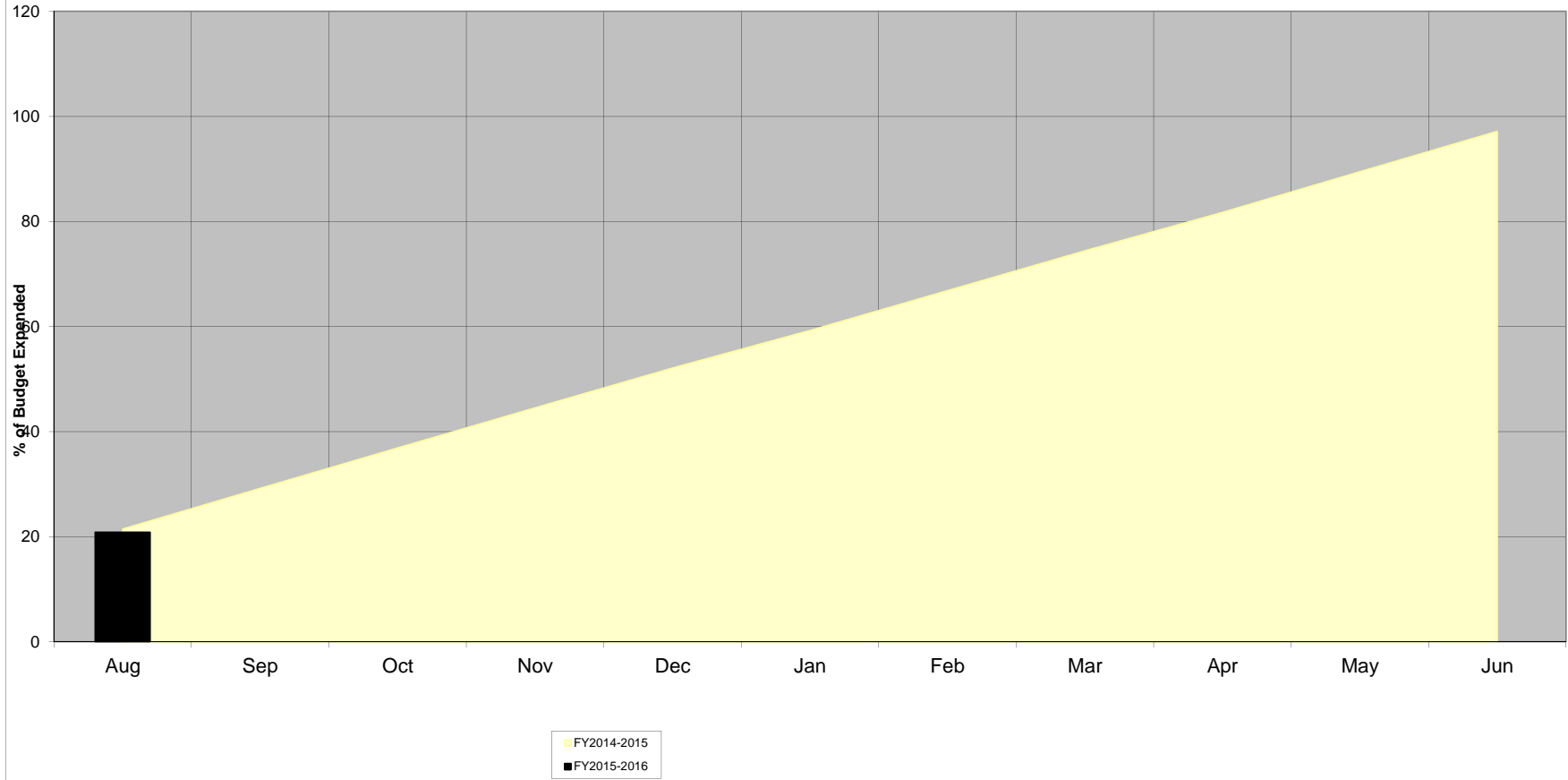
### General Fund Total Expenditures Budget to Actual Comparison by Month and Year-to-Date - Unaudited



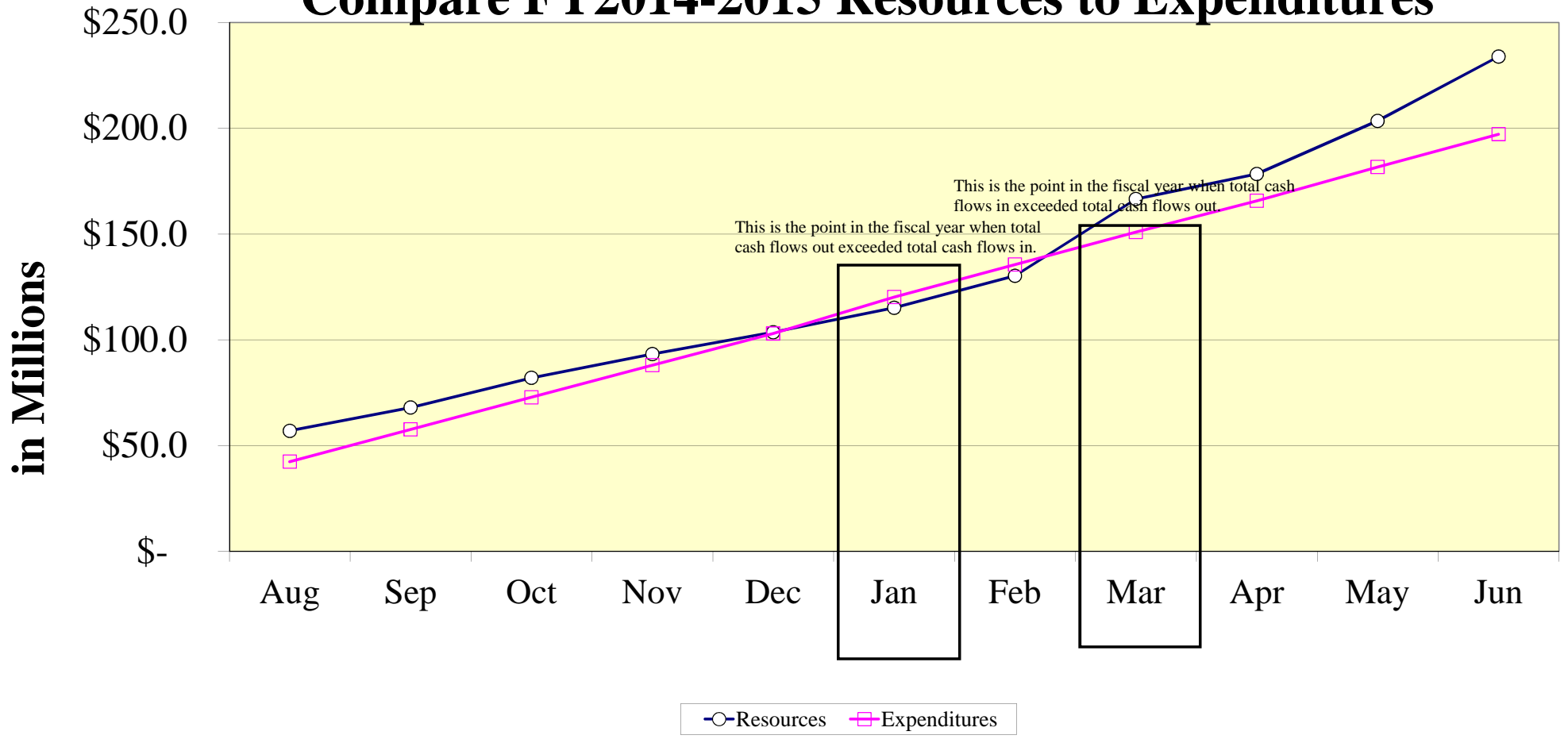
**General Fund Expenditures Budget To Actual by Major Program Category  
Year-to-Date Budget to Actual through August 2015**



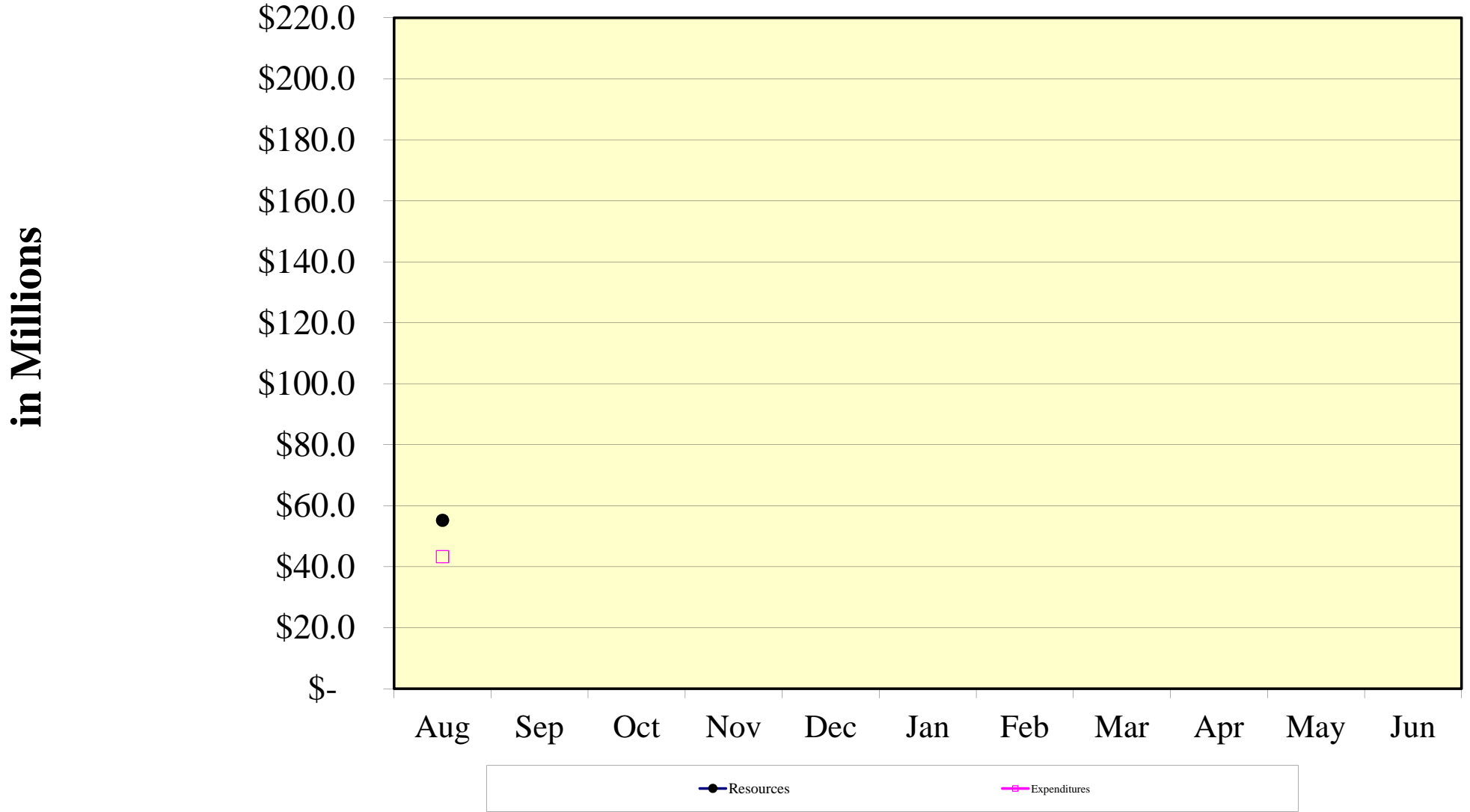
### Compare YTD Expenditures between FY2015 and FY2016



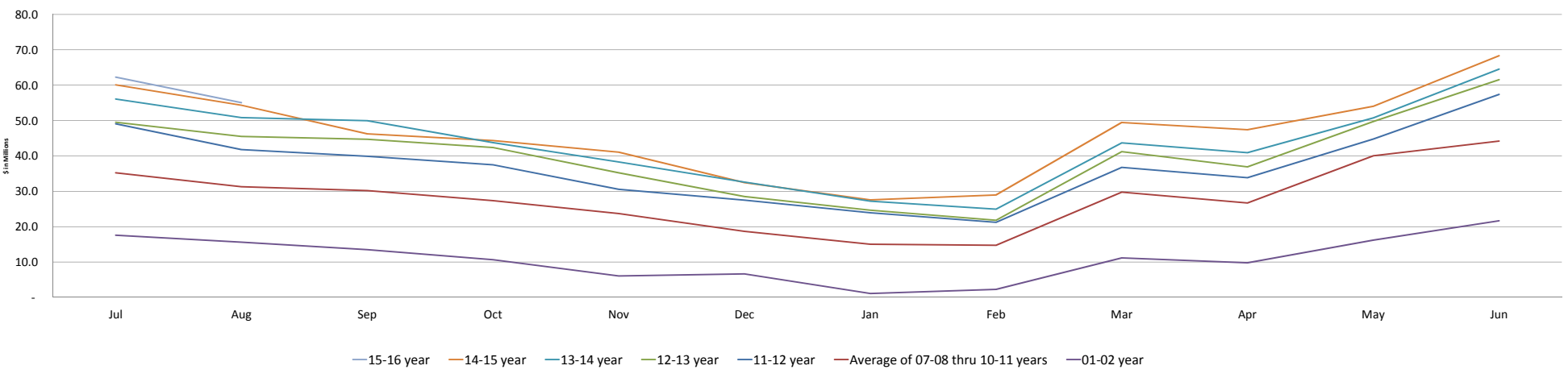
# Compare FY2014-2015 Resources to Expenditures



# 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 Aug 2015**  
**Percent of Year Completed - 16.7%**

	Adjusted Budget	Actual	% of Actual Revenue to Adjusted Budget	Variance		FY2015 Final Budget	FY2015 Actual	Variance	
				Adjusted Budget to Actual	% of Budget			Adjusted Budget to Actual	FY2014 % of Budget
Local Revenue	\$75,918,313	\$1,216,372	1.60%	(\$74,701,941)	0.51%	\$74,042,899	\$1,287,254	(\$72,755,645)	0.55%
State Revenue	126,864,353	20,349,595	16.04%	(106,514,758)	8.54%	121,039,299	17,904,646	(103,134,653)	7.64%
Federal Revenue	<u>2,000,000</u>	<u>25,603</u>	<u>1.28%</u>	<u>(1,974,397)</u>	<u>0.01%</u>	<u>2,100,000</u>	<u>15,118</u>	<u>(2,084,882)</u>	<u>0.01%</u>
Total Revenue Budget	204,782,666	21,591,570	10.54%	(183,191,096)	9.06%	197,182,198	19,207,018	(177,975,180)	8.19%
Fund Balance & Transfers	<u>33,636,886</u>	<u>33,636,886</u>		<u>0</u>	<u>14.11%</u>	<u>37,208,467</u>	<u>34,481,058</u>	<u>-2,727,409</u>	<u>14.71%</u>
<b>Total Revenue &amp; Fund Balance</b>	<b><u>\$238,419,552</u></b>	<b><u>\$55,228,456</u></b>		<b><u>(\$183,191,096)</u></b>	<b><u>23.16%</u></b>	<b><u>\$234,390,665</u></b>	<b><u>\$53,688,076</u></b>	<b><u>(\$180,702,589)</u></b>	<b><u>22.91%</u></b>
<b>Object and Job Class</b>									
<b>Administrators</b>									
Salaries	\$11,356,775	\$1,835,346		\$9,521,429	16.16%	\$10,867,345	\$1,711,555	\$9,155,790	15.75%
Benefits	<u>2,692,900</u>	<u>430,664</u>		<u>2,262,236</u>	<u>15.99%</u>	<u>2,538,320</u>	<u>373,757</u>	<u>2,164,563</u>	<u>14.72%</u>
Subtotal	14,049,675	2,266,010		11,783,665	16.13%	13,405,665	2,085,312	11,320,353	15.56%
<b>Teachers</b>									
Salaries	82,392,698	13,131,916		69,260,782	15.94%	79,146,054	12,043,667	67,102,387	15.22%
Benefits	<u>20,834,383</u>	<u>3,374,418</u>		<u>17,459,965</u>	<u>16.20%</u>	<u>20,048,394</u>	<u>2,877,643</u>	<u>17,170,751</u>	<u>14.35%</u>
Subtotal	103,227,081	16,506,334		86,720,747	15.99%	99,194,448	14,921,310	84,273,138	15.04%
<b>Non-teaching Professionals</b>									
Salaries	2,004,620	328,374		1,676,246	16.38%	1,977,397	280,218	1,697,179	14.17%
Benefits	<u>511,570</u>	<u>86,245</u>		<u>425,325</u>	<u>16.86%</u>	<u>517,191</u>	<u>70,699</u>	<u>446,492</u>	<u>13.67%</u>
Subtotal	2,516,190	414,619		2,101,571	16.48%	2,494,588	350,917	2,143,671	14.07%
<b>Paraprofessionals</b>									
Salaries	6,342,740	933,167		5,409,573	14.71%	5,958,725	831,651	5,127,074	13.96%
Benefits	<u>2,036,044</u>	<u>295,488</u>		<u>1,740,556</u>	<u>14.51%</u>	<u>1,900,355</u>	<u>259,537</u>	<u>1,640,818</u>	<u>13.66%</u>
Subtotal	8,378,784	1,228,655		7,150,129	14.66%	7,859,080	1,091,188	6,767,892	13.88%
<b>Office &amp; Admin Support</b>									
Salaries	6,489,437	1,039,179		5,450,258	16.01%	6,337,185	958,420	5,378,765	15.12%
Benefits	<u>1,861,190</u>	<u>299,989</u>		<u>1,561,201</u>	<u>16.12%</u>	<u>1,837,991</u>	<u>259,860</u>	<u>1,578,131</u>	<u>14.14%</u>
Subtotal	8,350,627	1,339,168		7,011,459	16.04%	8,175,176	1,218,280	6,956,896	14.90%
<b>Skilled Trades</b>									
Salaries	6,645,920	1,042,296		5,603,624	15.68%	6,426,238	1,025,496	5,400,742	15.96%
Benefits	<u>2,053,840</u>	<u>306,838</u>		<u>1,747,002</u>	<u>14.94%</u>	<u>1,859,056</u>	<u>273,346</u>	<u>1,585,710</u>	<u>14.70%</u>
Subtotal	8,699,760	1,349,134		7,350,626	15.51%	8,285,294	1,298,842	6,986,452	15.68%
<b>Total Salaries &amp; Benefits</b>									
Salaries	115,232,190	18,310,278		96,921,912	15.89%	110,712,944	16,851,007	93,861,937	15.22%
Benefits	<u>29,989,927</u>	<u>4,793,642</u>		<u>25,196,285</u>	<u>15.98%</u>	<u>28,701,307</u>	<u>4,114,842</u>	<u>24,586,465</u>	<u>14.34%</u>
Subtotal	145,222,117	23,103,920		122,118,197	15.91%	139,414,251	20,965,849	118,448,402	15.04%

**General Fund**  
**Operating Summary by Object**  
**Year to Date through Aug 2015**  
**Percent of Year Completed - 16.7%**

			Variance				Variance		
	Adjusted Budget	Actual	% of Actual Revenue to Adjusted Budget	Adjusted Budget to Actual	% of Budget	FY2015 Final Budget	FY2015 Actual	Adjusted Budget to Actual	FY2014 % of Budget
<b>Non-Salaries</b>									
Purchased Professional & Technical Services	2,116,200	424,354		1,691,846	20.05%	2,416,258	325,400	2,090,858	13.47%
Purchased Property Services	3,671,040	425,429		3,245,611	11.59%	3,780,569	804,959	2,975,610	21.29%
Other Purchased Services	6,568,661	1,185,057		5,383,604	18.04%	6,869,587	1,120,524	5,749,063	16.31%
Subtotal	12,355,901	2,034,840		10,321,061	16.47%	13,066,414	2,250,883	10,815,531	17.23%
Supplies	9,760,728	899,957		8,860,771	9.22%	10,628,837	795,591	9,833,246	7.49%
Equipment	253,904	80,902		173,002	31.86%	437,767	55,911	381,856	12.77%
Other Expenses	542,985	69,280		473,705	12.76%	532,469	122,002	410,467	22.91%
Subtotal	10,557,617	1,050,139		9,507,478	9.95%	11,599,073	973,504	10,625,569	8.39%
Subtotal Expenditure Accounts	168,135,635	26,188,899		141,946,736	15.58%	164,079,738	24,190,236	139,889,502	14.74%
Transfer - Charter Schools	26,396,701	4,399,450		21,997,251	16.67%	25,523,578	3,815,062	21,708,516	14.95%
Transfer - CRCP Fund	2,385,905	2,385,905		0	100.00%	3,252,470	2,118,375	1,134,095	0.00%
Transfer - Transportation Fund	5,330,245	5,330,245		0	100.00%	5,090,190	4,089,868	1,000,322	80.35%
Transfer - Technology Fund	4,968,665	4,968,665		0	100.00%	5,058,490	4,253,272	805,218	84.08%
Subtotal	39,081,516	17,084,265		21,997,251	43.71%	38,924,728	14,276,577	24,648,151	36.68%
<b>Total Expenditure Accounts &amp; Transfers/Allocations</b>	<b>207,217,151</b>	<b>43,273,164</b>		<b>163,943,987</b>	<b>20.88%</b>	<b>203,004,466</b>	<b>38,466,813</b>	<b>164,537,653</b>	<b>18.95%</b>
TABOR Reserve	4,853,000	0		4,853,000	0.00%	4,853,000	0	4,853,000	0.00%
Contingency & Other Reserves	6,768,161	0		6,768,161	0.00%	4,717,474	0	4,717,474	0.00%
Reserve for encumbrance & unanti	19,581,240	0		19,581,240	0.00%	21,815,725	0	21,815,725	0.00%
Subtotal	31,202,401	0		31,202,401	0.00%	31,386,199	0	31,386,199	0.00%
<b>Total Appropriated Budget</b>	<b>\$238,419,552</b>	<b>\$43,273,164</b>		<b>\$195,146,388</b>	<b>18.15%</b>	<b>\$234,390,665</b>	<b>\$38,466,813</b>	<b>\$195,923,852</b>	<b>16.41%</b>
<b>Total Resources Over (Under)</b>									
<b>Total Expenditures</b>		<b>\$11,955,292</b>					<b>\$15,221,263</b>		