

ACADEMY 20 BOARD OF EDUCATION
July 21, 2016

Subject: Monthly Financial Report through June 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, Deputy Superintendent/CFO and Dr. Mark Hatchell, Superintendent

Date: July 12, 2016



MEMORANDUM

TO: Dr. Mark Hatchell, Superintendent
Board of Education

FROM: Tom Gregory, Deputy Superintendent/CFO

DATE: July 12, 2016

SUBJECT: June Financial Report

REVENUES

Graph #1 and Table #1 show that through June we have collected about 85.0% 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 83.9%. 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 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 12 months of the year complete (100.0%), spending, which includes total appropriation, is at 83.2%. 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 and may indicate a reduction in spending overall
- 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) A significant portion of the reserves (including TABOR) are unspent.

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 (96.0%) are below this time last year (97.2%). 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.

Table #2 has been added as an enhancement to this report to disclose 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 2015. The main reasons were due to the full transfers made to Capital Reserve Capital Projects, 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.

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 is set as required by the June 30, 2015 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 transferred the required amounts for December principal and interest payments and for June interest payments to our bond paying agents.

Investments	Jun-16	May-16	Apr-16	Mar-16	Feb-16
General Fund Account					
Colostrust	69,344,387	57,832,508	46,050,290	48,645,292	26,384,521
Total General Fund	69,344,387	57,832,508	46,050,290	48,645,292	26,384,521
TABOR Account					
Colostrust	5,132,000	5,132,000	5,132,000	5,132,000	5,132,000
Total TABOR	5,132,000	5,132,000	5,132,000	5,132,000	5,132,000
Bond Redemption Account					
Wells Fargo - Colostrust	25,725,997	21,803,224	16,971,558	16,612,730	8,145,668
Total Bond Redemption	25,725,997	21,803,224	16,971,558	16,612,730	8,145,668
Total Investments	\$100,202,384	\$84,767,732	\$68,153,848	\$70,390,022	\$39,662,189

Colostrust COP's (proceeds and interest) that were reported with the Building Fund Accounts during construction are now included with the Colostrust General Fund Account pooled investments. Interest earned on the COP's is available for appropriation in the Capital Reserve Capital Projects Fund. The COP's were paid in their entirety during the FY2015-2016.

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.

PROJECTED FUND BALANCE

This is the fourth quarterly projection for the June 30, 2016 fund balance. There are 4 components used in this fund balance projection:

- 1) the audited fund balance from the prior year,
- 2) an assumed revenue collections percentage,
- 3) assumed expenditure percentages,
- 4) the projected increase in the TABOR reserve

The audit for FY2014-2015 has been completed and was delivered to the Board in November 2015. The audited unassigned fund balance is \$24,704,710, an increase of \$948,222 from June 30, 2014, and is used in this projection of the FY2015-2016 ending fund balance.

Projections for actual revenue and expenditures are based on assumptions until all activity in the fiscal year is completed and audited. The assumptions for revenues and expenditures are derived from the actual activity. At this time the assumed revenues for FY2015-2016 are expected to be 100.4% of adopted budget and non-salary/benefit expenditures are projected at 97% with the exception of school carryover, which is projected at 100% since it is not available in unassigned fund balance.

Using these assumptions, the June 30, 2016 fund balance projection shows a decrease of approximately \$585k in unassigned fund balance.

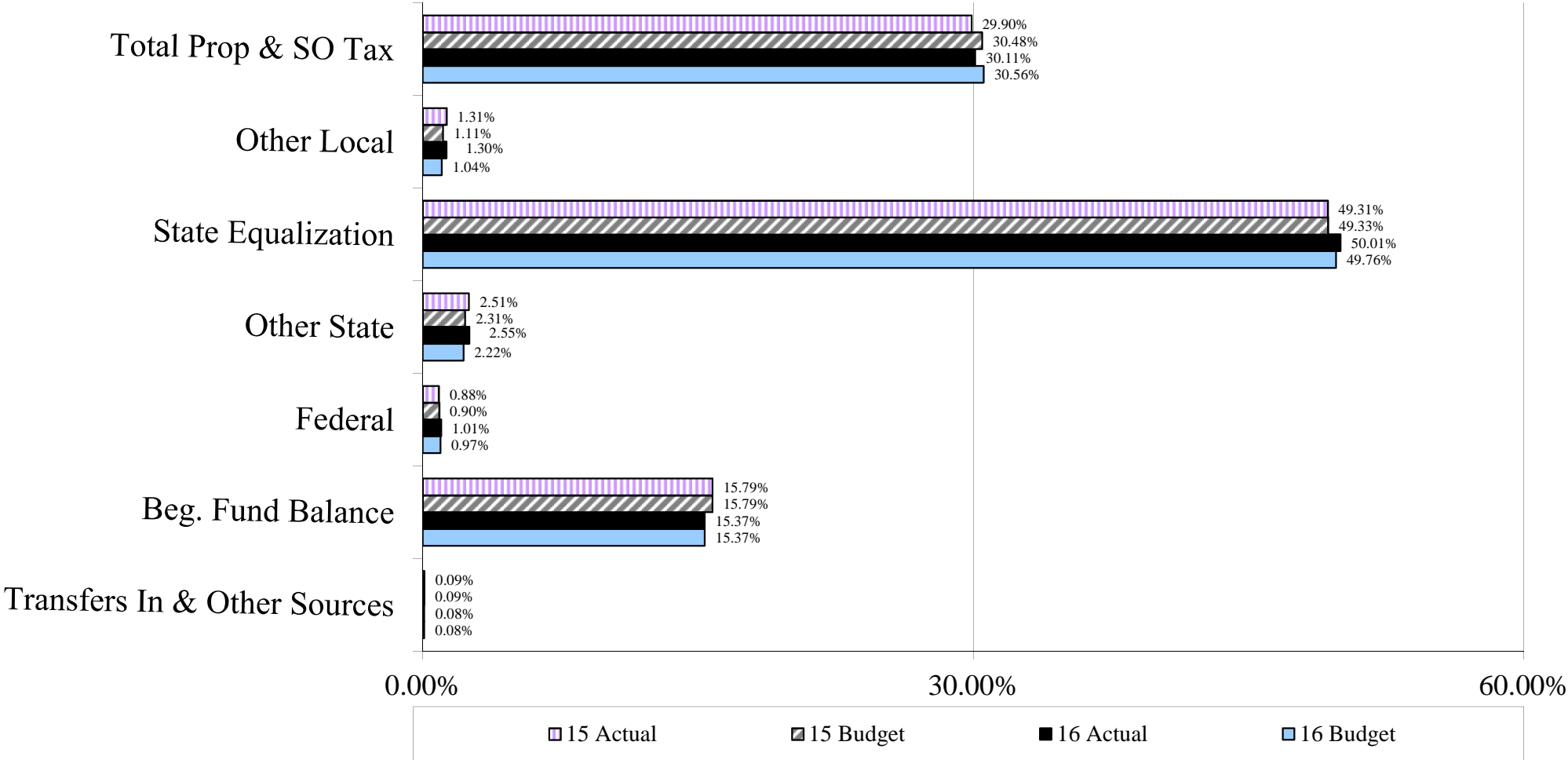
June 2016

General Fund

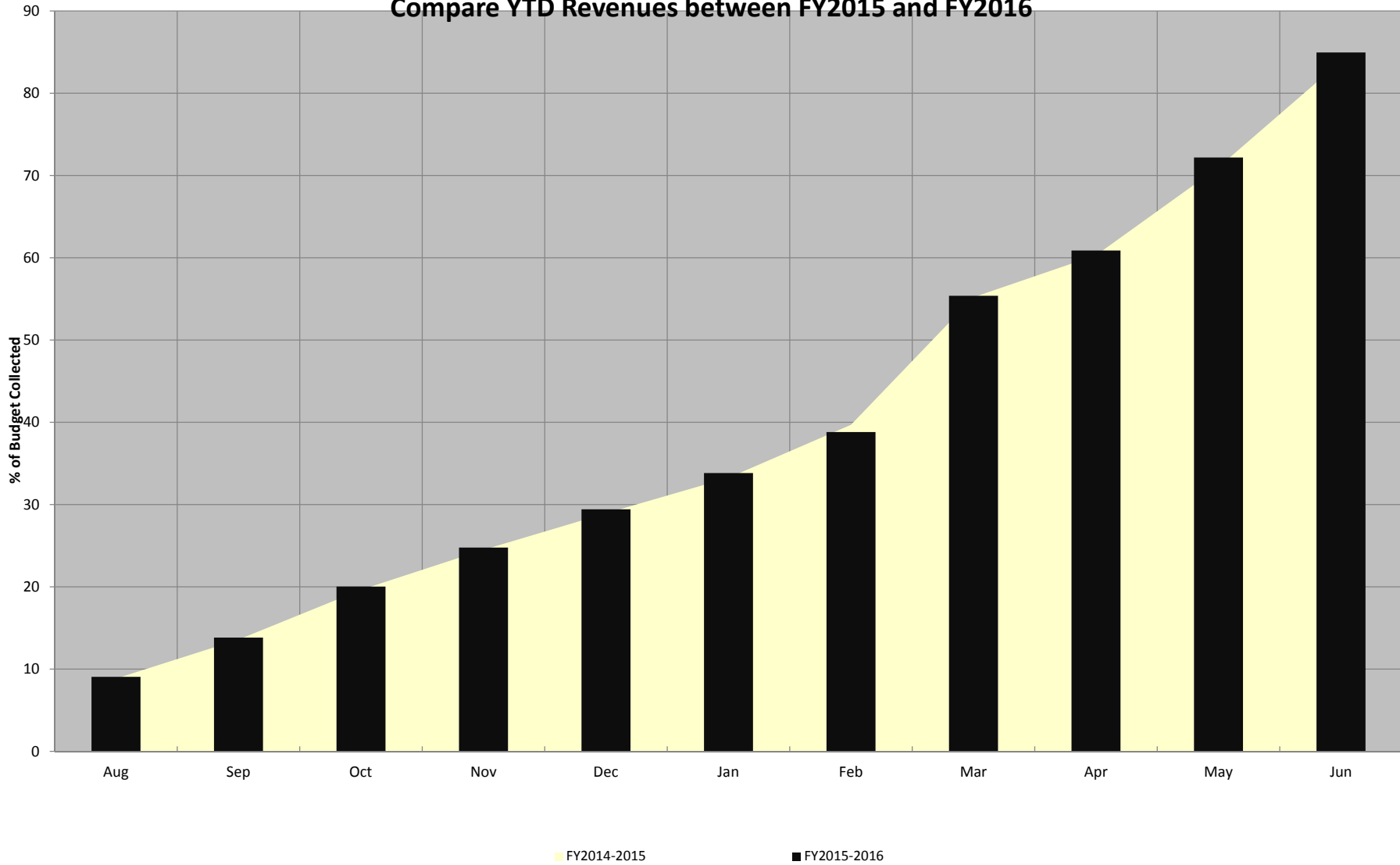
Financial Report

General Fund Major Revenue Categories

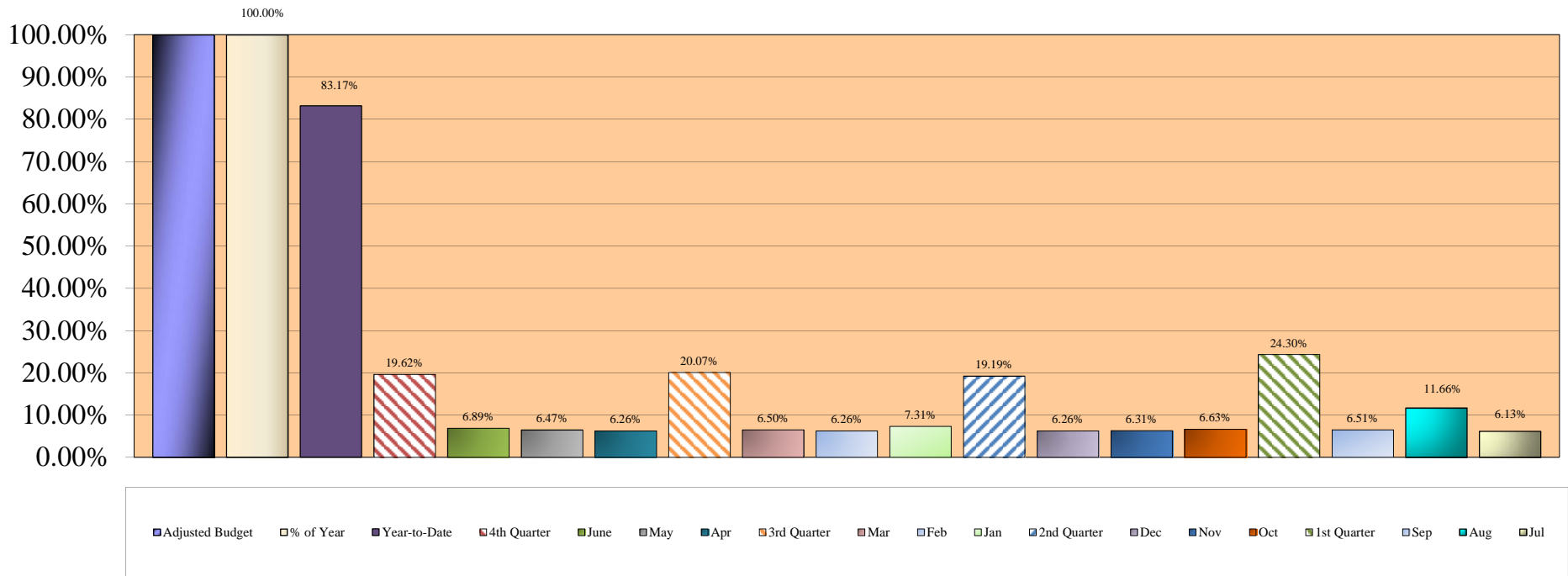
Year-to-Date Budget to Actual through June 2016 Compared to Year-to-Date Budget to Actual through June 2015



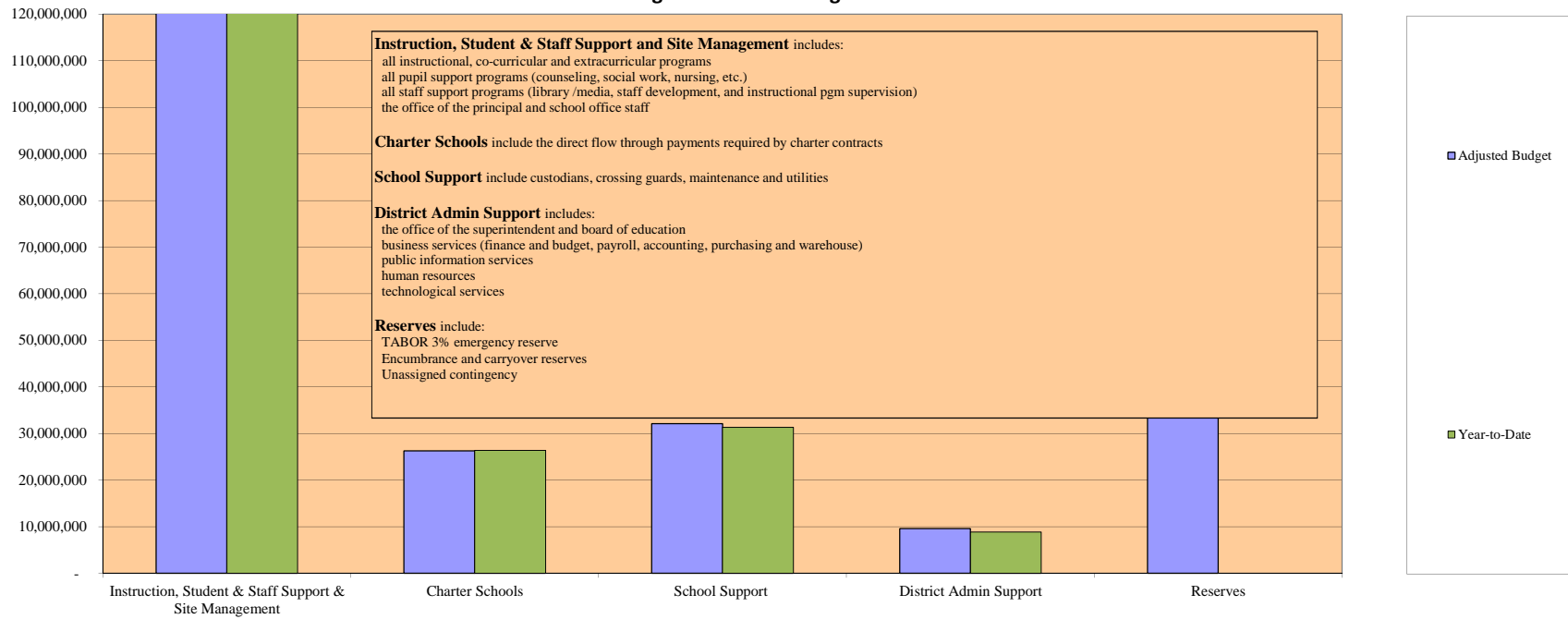
Compare YTD Revenues between FY2015 and FY2016



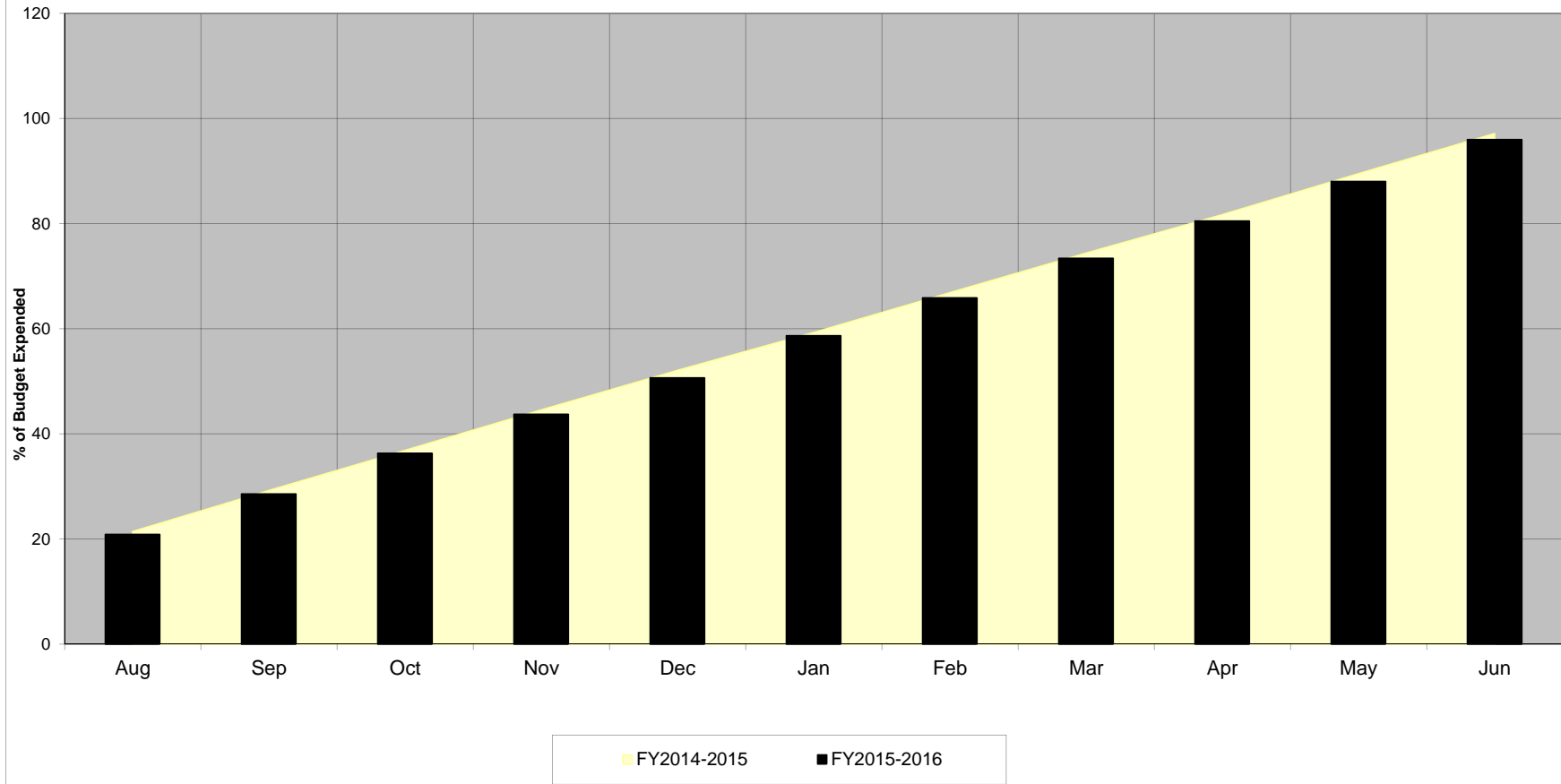
General Fund Total Expenditures Budget to Actual Comparison by Month and Year-to-Date - Unaudited



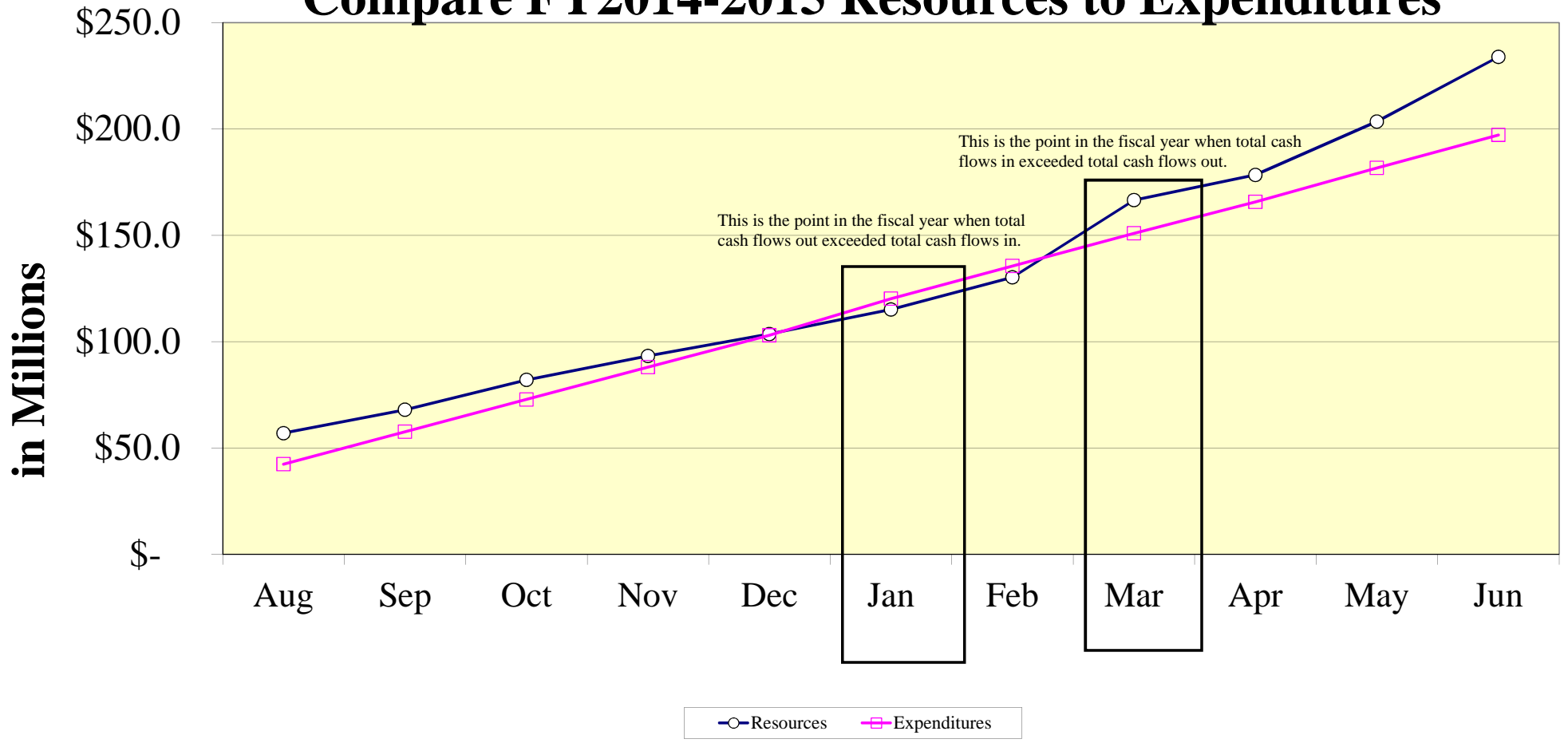
**General Fund Expenditures Budget To Actual by Major Program Category
Year-to-Date Budget to Actual through June 2016**



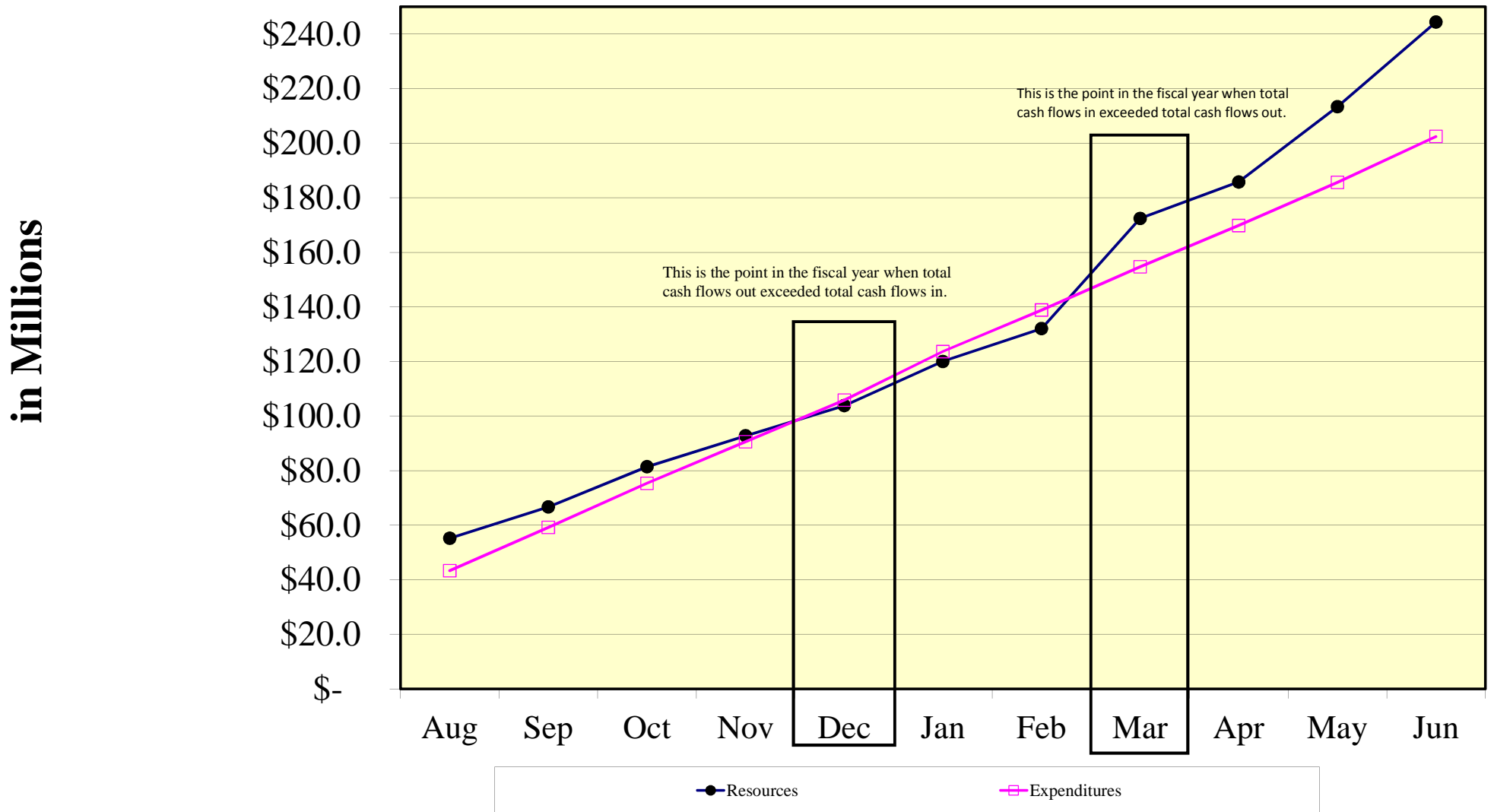
Compare YTD Expenditures between FY2015 and FY2016



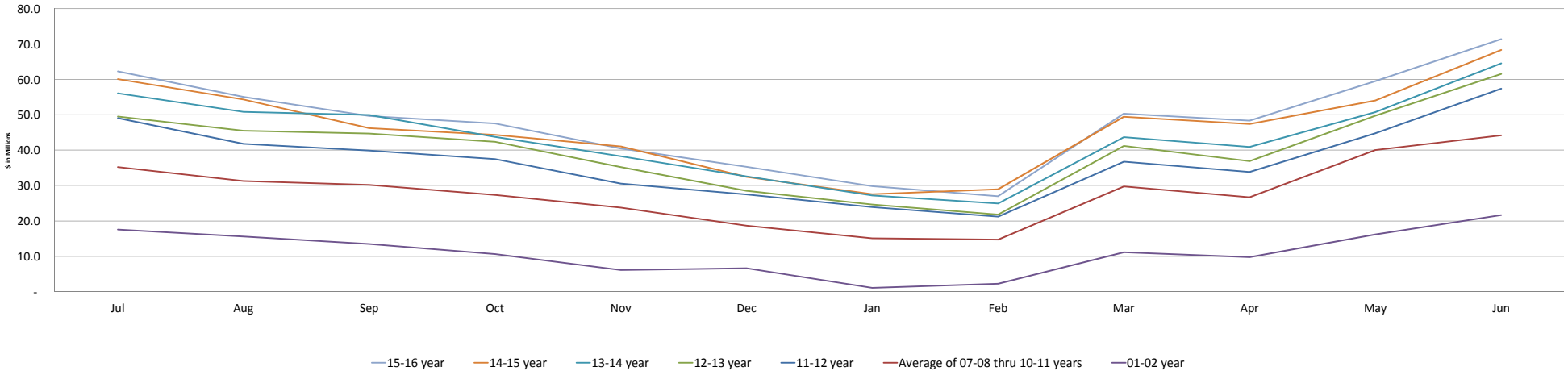
Compare FY2014-2015 Resources to Expenditures



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 June 2016
Percent of Year Completed - 100.0%

	Adjusted Budget	Actual	% of Actual Revenue to Adjusted Budget	Variance Adjusted Budget to		FY2015 Final Budget	FY2015 Actual	Variance Adjusted Budget to	
				Actual	% of Budget			Actual	% of Budget
Local Revenue	\$76,920,094	\$76,430,069	99.36%	(\$490,025)	31.40%	\$74,042,899	\$73,151,404	(\$891,495)	31.21%
State Revenue	126,520,034	127,909,962	101.10%	1,389,928	52.55%	121,039,299	121,456,484	417,185	51.82%
Federal Revenue	<u>2,349,000</u>	<u>2,463,100</u>	<u>104.86%</u>	<u>114,100</u>	<u>1.01%</u>	<u>2,100,000</u>	<u>2,052,607</u>	<u>(47,393)</u>	<u>0.88%</u>
Total Revenue Budget	205,789,128	206,803,131	100.49%	1,014,003	84.97%	197,182,198	196,660,495	(\$521,703)	83.90%
Fund Balance & Transfers	<u>37,598,778</u>	<u>37,598,778</u>		<u>0</u>	<u>15.45%</u>	<u>37,208,467</u>	<u>37,208,467</u>	<u>0</u>	<u>15.87%</u>
Total Revenue & Fund Balance	<u>\$243,387,906</u>	<u>\$244,401,909</u>		<u>\$1,014,003</u>	<u>100.42%</u>	<u>\$234,390,665</u>	<u>\$233,868,962</u>	<u>(\$521,703)</u>	<u>99.78%</u>
Object and Job Class									
Administrators									
Salaries	\$11,275,815	\$11,015,293		\$260,522	97.69%	\$10,867,345	\$10,747,456	\$119,889	98.90%
Benefits	<u>2,773,860</u>	<u>2,638,693</u>		<u>135,167</u>	<u>95.13%</u>	<u>2,538,320</u>	<u>2,454,526</u>	<u>83,794</u>	<u>96.70%</u>
Subtotal	14,049,675	13,653,986		395,689	97.18%	13,405,665	13,201,982	203,683	98.48%
Teachers									
Salaries	81,543,620	78,934,188		2,609,432	96.80%	79,146,054	77,974,562	1,171,492	98.52%
Benefits	<u>21,008,757</u>	<u>20,626,544</u>		<u>382,213</u>	<u>98.18%</u>	<u>20,048,394</u>	<u>19,673,172</u>	<u>375,222</u>	<u>98.13%</u>
Subtotal	102,552,377	99,560,732		2,991,645	97.08%	99,194,448	97,647,734	1,546,714	98.44%
Non-teaching Professionals									
Salaries	2,009,413	2,031,837		-22,424	101.12%	1,977,397	1,955,874	21,523	98.91%
Benefits	<u>535,692</u>	<u>529,504</u>		<u>6,188</u>	<u>98.84%</u>	<u>517,191</u>	<u>505,344</u>	<u>11,847</u>	<u>97.71%</u>
Subtotal	2,545,105	2,561,341		-16,236	100.64%	2,494,588	2,461,218	33,370	98.66%
Paraprofessionals									
Salaries	6,528,552	6,051,238		477,314	92.69%	5,958,725	5,771,490	187,235	96.86%
Benefits	<u>2,324,137</u>	<u>1,950,074</u>		<u>374,063</u>	<u>83.91%</u>	<u>1,900,355</u>	<u>1,833,893</u>	<u>66,462</u>	<u>96.50%</u>
Subtotal	8,852,689	8,001,312		851,377	90.38%	7,859,080	7,605,383	253,697	96.77%
Office & Admin Support									
Salaries	6,491,076	6,371,731		119,345	98.16%	6,337,185	6,343,325	-6,140	100.10%
Benefits	<u>2,043,529</u>	<u>1,857,232</u>		<u>186,297</u>	<u>90.88%</u>	<u>1,837,991</u>	<u>1,771,707</u>	<u>66,284</u>	<u>96.39%</u>
Subtotal	8,534,605	8,228,963		305,642	96.42%	8,175,176	8,115,032	60,144	99.26%
Skilled Trades									
Salaries	6,455,136	6,397,902		57,234	99.11%	6,426,238	6,349,880	76,358	98.81%
Benefits	<u>2,352,766</u>	<u>1,885,739</u>		<u>467,027</u>	<u>80.15%</u>	<u>1,859,056</u>	<u>1,809,070</u>	<u>49,986</u>	<u>97.31%</u>
Subtotal	8,807,902	8,283,641		524,261	94.05%	8,285,294	8,158,950	126,344	98.48%
Total Salaries & Benefits									
Salaries	114,303,612	110,802,189		3,501,423	96.94%	110,712,944	109,142,587	1,570,357	98.58%
Benefits	<u>31,038,741</u>	<u>29,487,786</u>		<u>1,550,955</u>	<u>95.00%</u>	<u>28,701,307</u>	<u>28,047,712</u>	<u>653,595</u>	<u>97.72%</u>
Subtotal	145,342,353	140,289,975		5,052,378	96.52%	139,414,251	137,190,299	2,223,952	98.40%

General Fund
Operating Summary by Object
Year to Date through June 2016
Percent of Year Completed - 100.0%

	Adjusted Budget	Actual	Variance Adjusted Budget to		FY2015 Final Budget	FY2015 Actual	Variance Adjusted Budget to	
			Actual	% of Budget			Actual	% of Budget
Non-Salaries								
Purchased Professional & Technical	2,688,080	2,929,907	-241,827	109.00%	2,416,258	2,427,333	-11,075	100.46%
Purchased Property Services	4,034,314	3,557,658	476,656	88.18%	3,780,569	3,329,553	451,016	88.07%
Other Purchased Services	6,820,930	6,353,143	467,787	93.14%	6,869,587	5,736,596	1,132,991	83.51%
Subtotal	13,543,324	12,840,708	702,616	94.81%	13,066,414	11,493,482	1,572,932	87.96%
Supplies	10,878,032	8,141,669	2,736,363	74.85%	10,628,837	8,651,326	1,977,511	81.39%
Equipment	510,255	513,076	-2,821	100.55%	437,767	537,901	-100,134	122.87%
Other Expenses	613,602	551,555	62,047	89.89%	532,469	413,322	119,147	77.62%
Subtotal	12,001,889	9,206,300	2,795,589	76.71%	11,599,073	9,602,549	1,996,524	82.79%
Subtotal Expenditure Accounts	170,887,566	162,336,983	8,550,583	95.00%	164,079,738	158,286,330	5,793,408	96.47%
Transfer - Charter Schools	26,299,696	26,357,735	-58,039	100.22%	25,523,578	25,523,578	0	100.00%
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	40,098,387	-58,039	100.14%	38,924,728	38,924,728	0	100.00%
Total Expenditure Accounts & Transfers/Allocations	210,927,914	202,435,370	8,492,544	95.97%	203,004,466	197,211,058	5,793,408	97.15%
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 & unantic	22,281,384	0	22,281,384	0.00%	21,815,725	0	21,815,725	0.00%
Subtotal	32,459,992	0	32,459,992	0.00%	31,386,199	0	31,386,199	0.00%
Total Appropriated Budget	\$243,387,906	\$202,435,370	\$40,952,536	83.17%	\$234,390,665	\$197,211,058	\$37,179,607	84.14%
Total Resources Over (Under)								
Total Expenditures		\$41,966,539				\$36,657,904		

	Unassigned	Restricted/ Assigned	Total
July 1, 2015 Audited Fund Balance	\$ 24,704,710	\$ 12,694,068	\$ 37,398,778
Projected Revenues	206,803,131	-	206,803,131
Projected Expenditures	(206,335,999)		(206,335,999)
Decrease in Assignment for Longevity	263,000	(263,000)	-
Decrease in Assignment for Medicaid	(1,114,785)	1,114,785	-
Increase in Assignment for TABOR	(200,000)	200,000	-
Projected June 30, 2016 Unassigned Fund Balance	\$ 24,120,057	\$ 13,745,853	\$ 37,865,910
Projected Change in Unassigned Fund Balance	\$ (584,653)	\$ 1,051,785	\$ 467,132

Academy District 20
 Budget to Actual Comparisons 2015-2016 and Prior Year 2014-2015
 as of June 30, 2016

Results as of end of quarter:	2015-2016					2014-2015				
	Adopted Budget	YTD Final Budget	YTD Actual	YTD Variance	% Spent	Adopted Budget	YTD Final Budget	YTD Actual	YTD Variance	% Spent
General (10)										
Total Resources	238,419,552	243,387,906	244,401,909	(1,014,003)	100.4%	232,250,482	234,390,665	233,868,962	521,703	99.8%
Total Expenditures	238,419,552	243,387,906	202,435,370	40,952,536	83.2%	232,250,482	234,390,665	197,211,058	37,179,607	84.1%
Surplus (deficit)	-	-	41,966,539	(41,966,539)		-	-	36,657,904	(36,657,904)	
Food Service (21)										
Total Resources	5,573,629	5,635,572	5,790,212	(154,640)	102.7%	5,438,760	5,933,629	5,886,627	47,002	99.2%
Total Expenditures	5,573,629	5,635,572	5,267,388	368,184	93.5%	5,438,760	5,933,629	5,305,037	628,592	89.4%
Surplus (deficit)	-	-	522,824	(522,824)		-	-	581,590	(581,590)	
Designated Purpose Grants (22)										
Total Resources	7,500,000	8,050,000	4,751,066	3,298,934	59.0%	8,100,000	8,100,000	5,887,888	2,212,112	72.7%
Total Expenditures	7,500,000	8,050,000	5,699,935	2,350,065	70.8%	8,100,000	8,100,000	5,763,176	2,336,824	71.2%
Surplus (deficit)	-	-	(948,869)	948,869		-	-	124,712	(124,712)	
Transportation (25)										
Total Resources	8,111,754	8,595,642	8,630,928	(35,286)	100.4%	7,663,360	7,862,534	8,028,578	(166,044)	102.1%
Total Expenditures	8,111,754	8,595,642	7,047,295	1,548,347	82.0%	7,663,360	7,862,534	6,921,236	941,298	88.0%
Surplus (deficit)	-	-	1,583,633	(1,583,633)		-	-	1,107,342	(1,107,342)	
Bond Redemption (31)										
Total Resources	42,580,858	44,098,689	43,711,984	386,705	99.1%	41,443,063	50,347,517	41,466,720	8,880,797	82.4%
Total Expenditures	42,580,858	44,098,689	17,985,988	26,112,701	40.8%	41,443,063	50,347,517	18,034,824	32,312,693	35.8%
Surplus (deficit)	-	-	25,725,996	(25,725,996)		-	-	23,431,896	(23,431,896)	
CRCP (43)										
Total Resources	5,500,507	9,710,143	9,877,006	(166,863)	101.7%	5,559,755	9,308,238	9,755,570	(447,332)	104.8%
Total Expenditures	5,500,507	9,710,143	5,661,945	4,048,198	58.3%	5,559,755	9,308,238	4,352,155	4,956,083	46.8%
Surplus (deficit)	-	-	4,215,061	(4,215,061)		-	-	5,403,415	(5,403,415)	
Technology (44)										
Total Resources	12,649,107	14,696,100	15,080,735	(384,635)	102.6%	11,699,251	13,566,027	14,303,960	(737,933)	105.4%
Total Expenditures	12,649,107	14,696,100	6,814,041	7,882,059	46.4%	11,699,251	13,566,027	5,859,629	7,706,398	43.2%
Surplus (deficit)	-	-	8,266,694	(8,266,694)		-	-	8,444,331	(8,444,331)	