

ACADEMY 20 BOARD OF EDUCATION  
July 20, 2017

**Subject:** Monthly Financial Report through June 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:** July 12, 2017

## MEMORANDUM

TO: Dr. Mark Hatchell, Superintendent  
Board of Education

FROM: Tom Gregory, Deputy Superintendent/CFO

DATE: July 12, 2017

SUBJECT: June Financial Report

## REVENUES

Graph #1 and Table #1 show that through June we have collected about 83.3% 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 85.0%. The variance in the year-over-year percentages is due mainly to the increase in the 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 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 12 months of the year complete (100.0%), spending, which includes total appropriation, is at 83.1%. 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 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) 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** 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 (96.3%) are comparable to last year (96.0%). Transfers are a larger percentage of this expenditures amount this year and skew the total slightly upward. 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. 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.

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 the required amounts for December principal and interest payments to our bond paying agents.

3<sup>rd</sup>, the Series 2017 bond proceeds of \$160,000,000 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.

<b>Investments</b>	<b>Jun-17</b>	<b>May-17</b>	<b>Apr-17</b>	<b>Mar-17</b>	<b>Feb-17</b>
<b>General Fund Account</b>					
Colostrust	78,139,841	57,416,776	53,105,409	57,416,776	33,442,602
<b>Total General Fund</b>	78,139,841	57,416,776	53,105,409	57,416,776	33,442,602
<b>TABOR Account</b>					
Colostrust	5,387,000	5,387,000	5,387,000	5,387,000	5,387,000
<b>Total TABOR</b>	5,387,000	5,387,000	5,387,000	5,387,000	5,387,000
<b>Bond Redemption Account</b>					
Wells Fargo - Colostrust	25,981,304	24,164,664	19,954,041	19,499,654	10,684,794
<b>Total Bond Redemption</b>	25,981,304	24,164,664	19,954,041	19,499,654	10,684,794
<b>Building Fund Accounts</b>					
Colostrust (proceeds)	179,887,571	182,905,718	183,444,584	183,681,622	183,671,050
Colostrust (interest)	788,723	626,167	464,051	312,074	165,835
<b>Total Building Fund</b>	180,676,294	183,531,885	183,908,635	183,993,696	183,836,885
<b>Total Investments</b>	<b>\$290,184,439</b>	<b>\$270,500,325</b>	<b>\$262,355,085</b>	<b>\$266,297,126</b>	<b>\$233,351,281</b>

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, 2017 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 FY2015-2016 was completed and delivered to the Board in November 2016. The audited unassigned fund balance is \$28,635,281, which reflects an increase of \$3,930,571 over June 30, 2015, and is used in this projection of the FY2016-2017 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 from prior years. At this time the assumed revenues for FY2016-2017 are expected to be 100% of adopted budget and the Salary/Benefit projection was developed by comparing the averages of June as a percentage of the audited yearend for the previous five years (99.5%). Non-salary/benefit expenditure projections were calculated with the same “percentage of June to audited yearend” methodology at 96.2%.

Using these assumptions, the June 30, 2017 fund balance projection shows an increase of approximately \$493k in unassigned fund balance.

**June 2017**

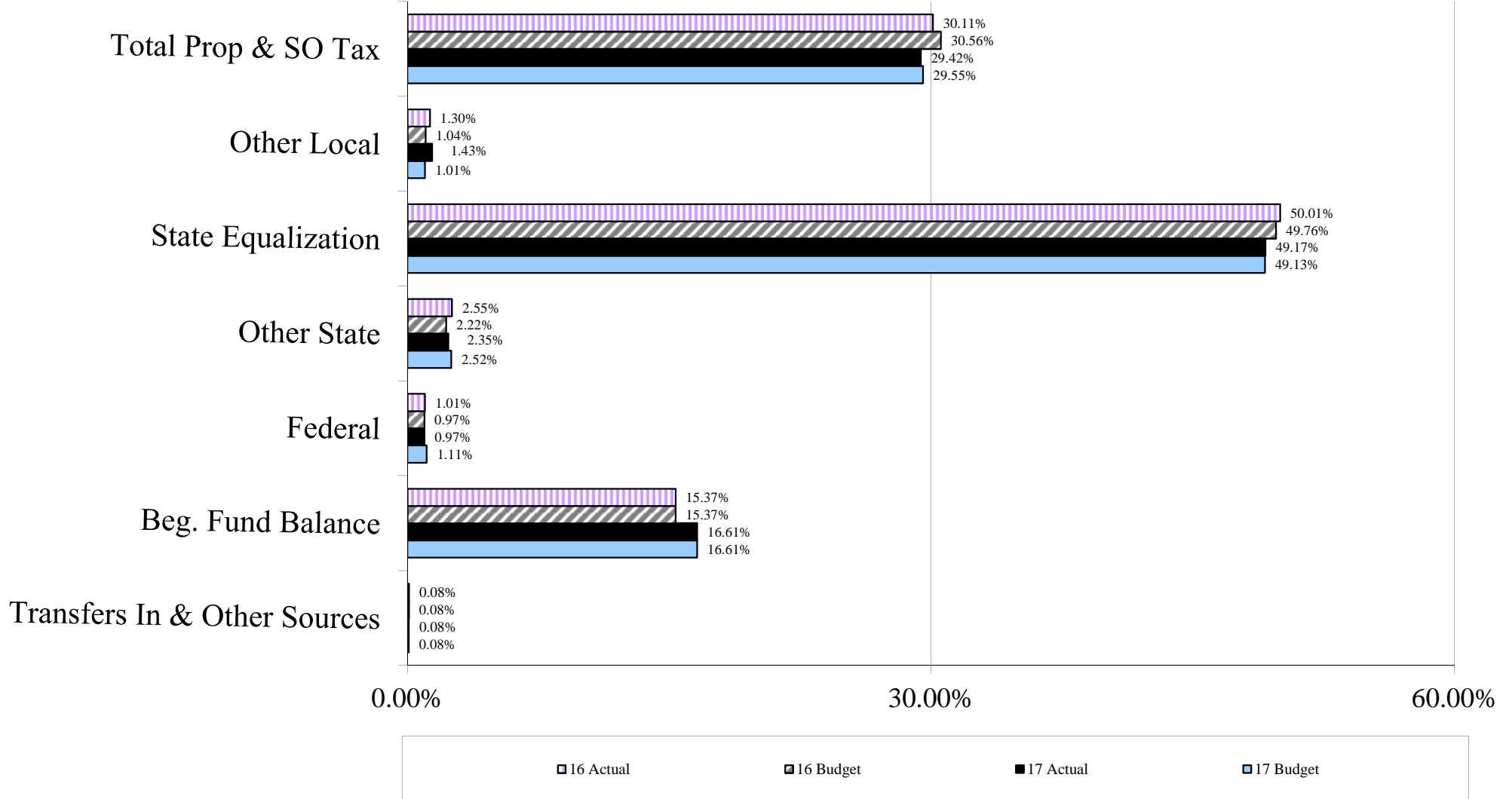
**General Fund**

**Financial Report**

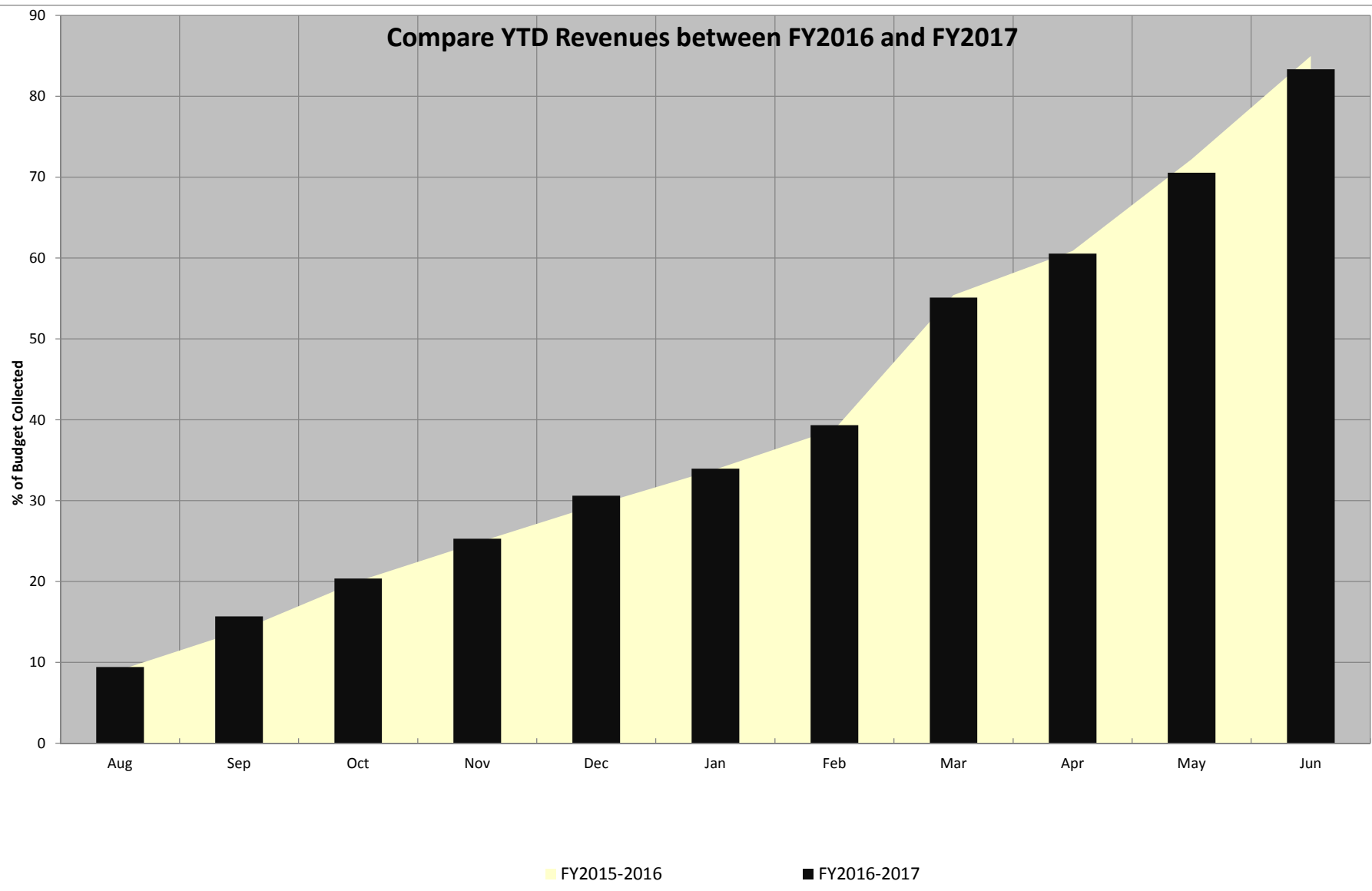
# General Fund Major Revenue Categories

Year-to-Date Budget to Actual through June 2017

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

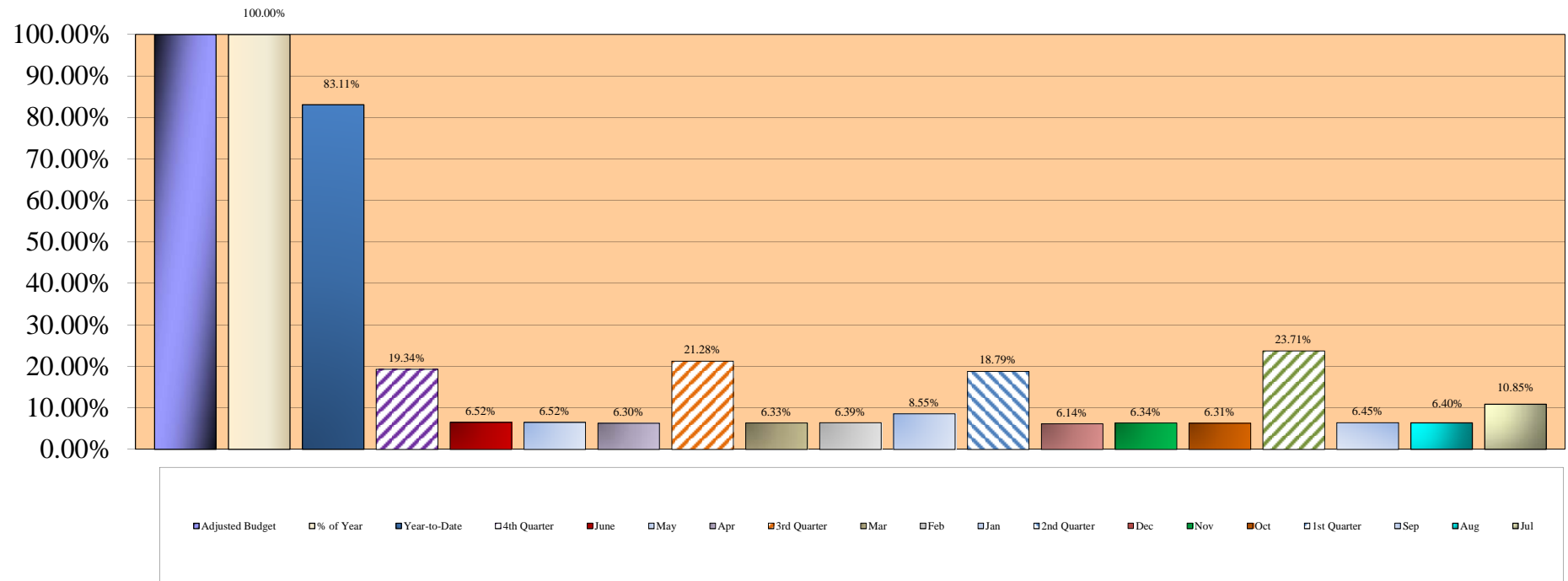


### Compare YTD Revenues between FY2016 and FY2017

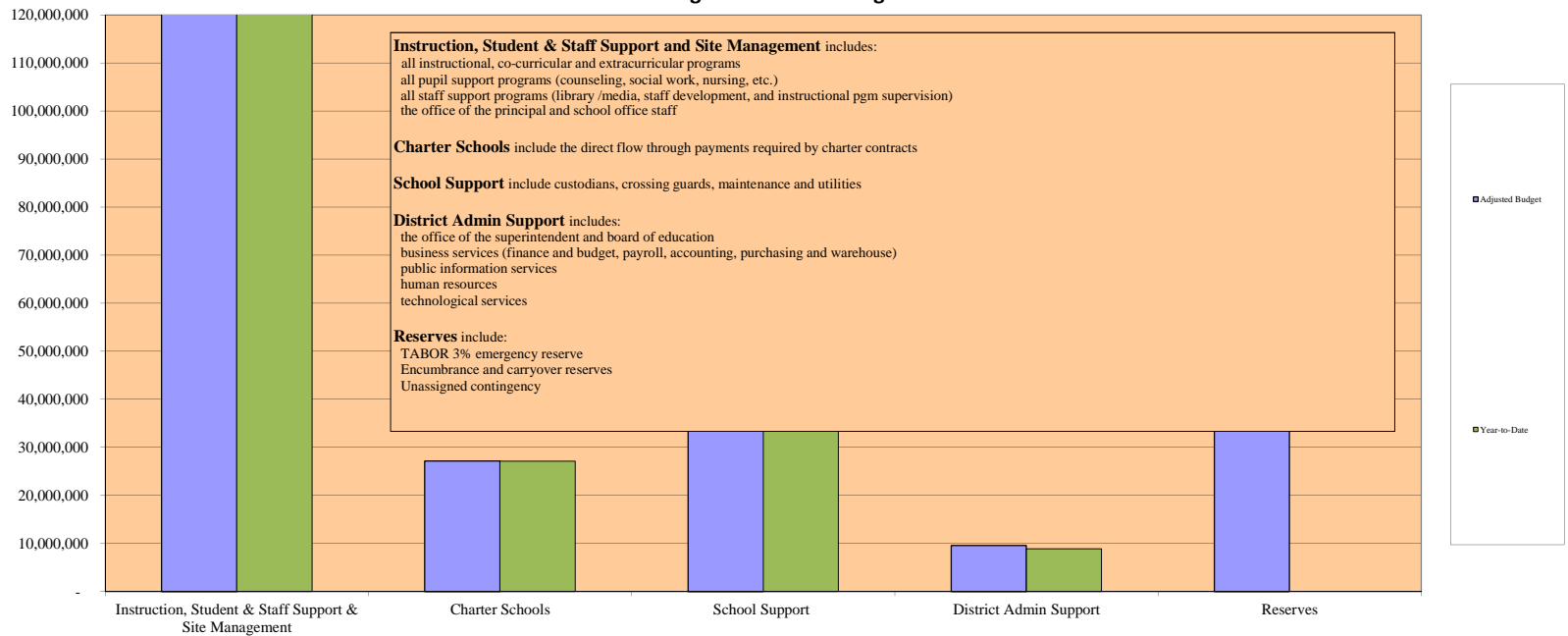




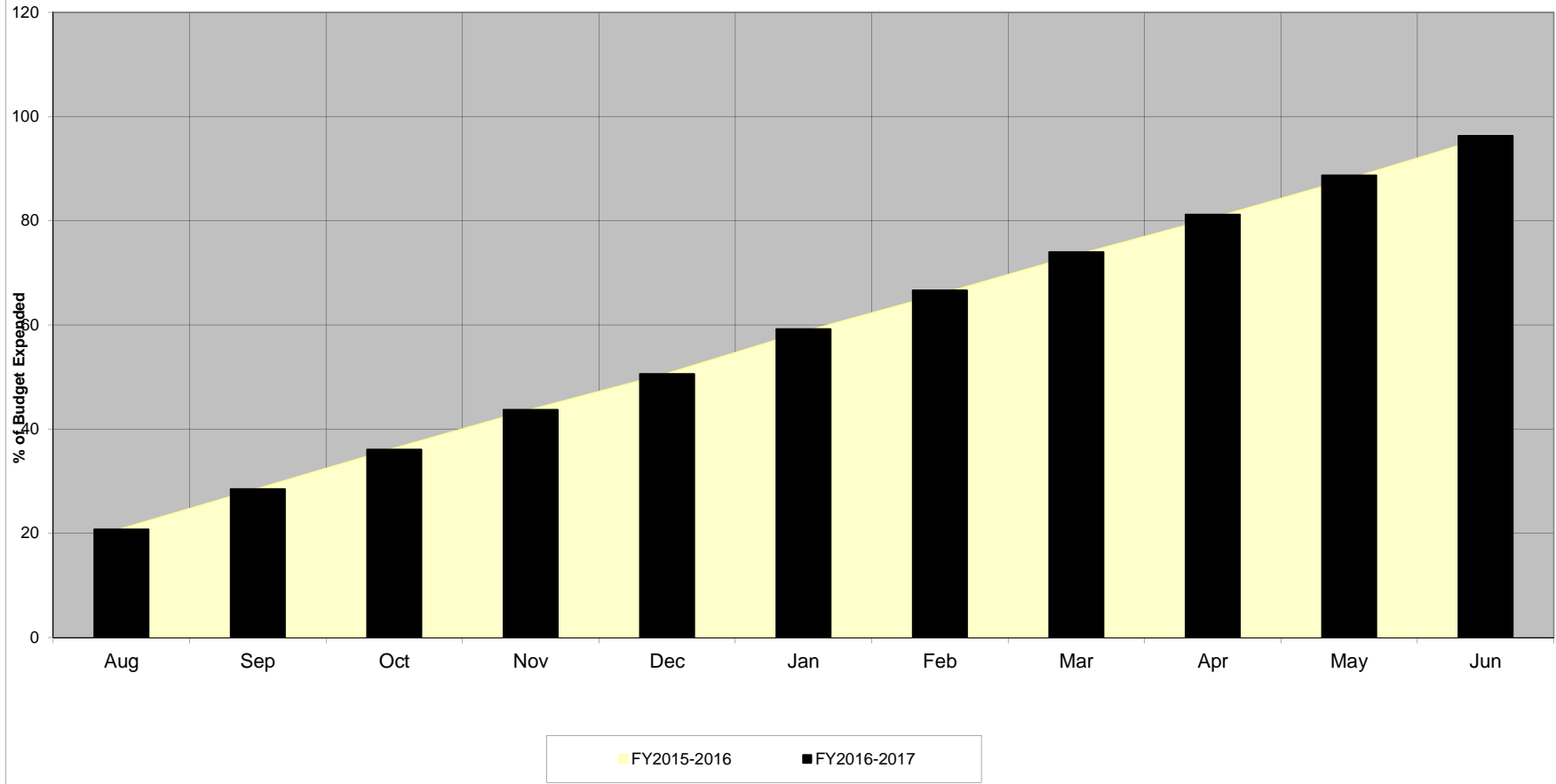
### General Fund Total Expenditures Budget to Actual Comparison by Month and Year-to-Date - Unaudited



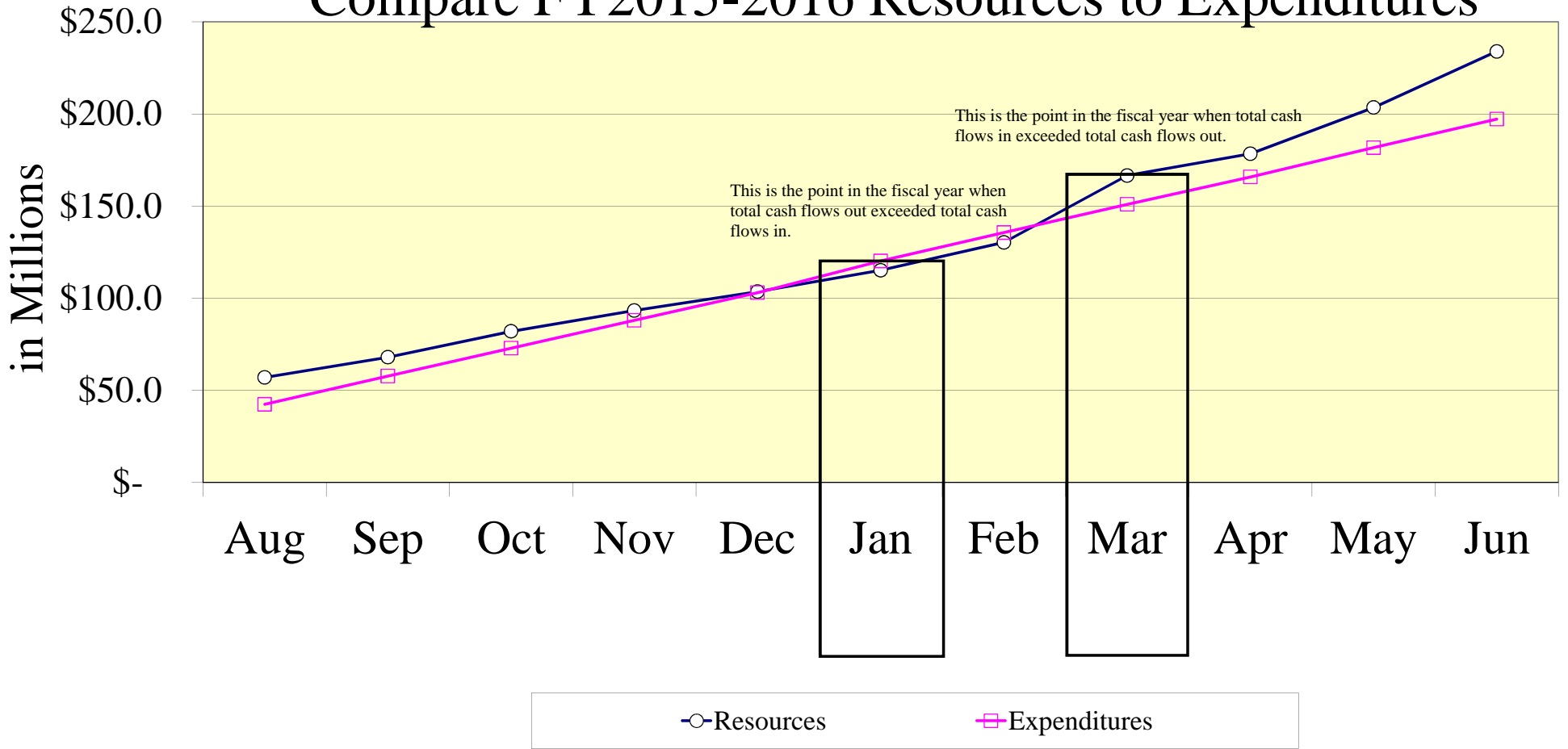
**General Fund Expenditures Budget To Actual by Major Program Category  
Year-to-Date Budget to Actual through June 2017**



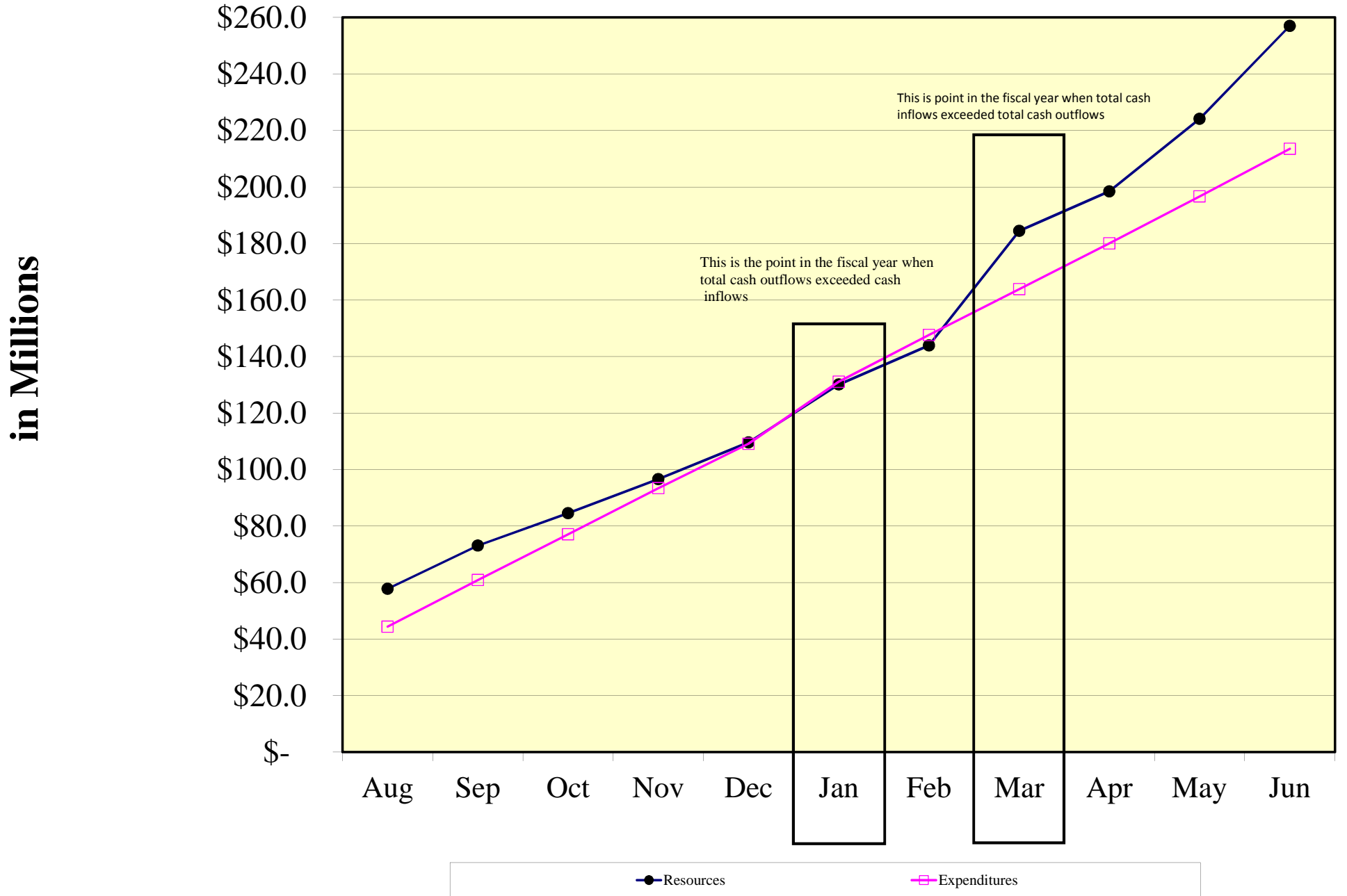
**Compare YTD Expenditures between FY2016 and FY2017**



# Compare FY2015-2016 Resources to Expenditures

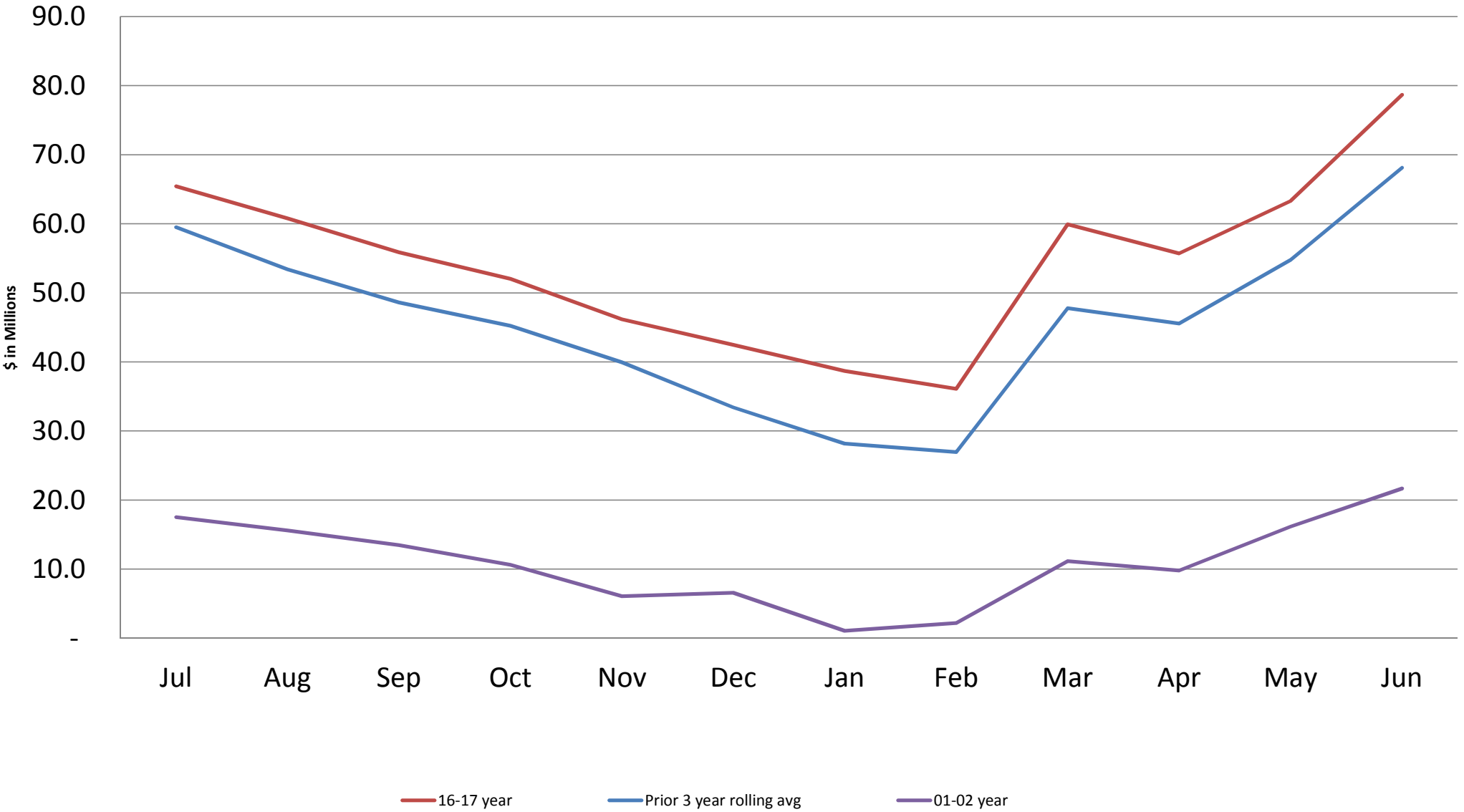


# Compare FY 2016-2017 Resources to Expenditures



# Cash & Investments Available to Meet Operating Needs

(excludes TABOR reserve, Debt Service and Building Fund)



**General Fund**  
**Operating Summary by Object**  
**Year to Date through June 2017**  
**Percent of Year Completed - 100.0%**

	Variance					Variance			
	Adjusted Budget	Actual	% of Actual Revenue to Adjusted Budget	Adjusted to Actual	% of Budget	FY2016 Final Budget	FY2016 Actual	Adjusted Budget to Actual	FY2016 % of Budget
Local Revenue	\$78,505,546	\$79,244,088	100.94%	\$738,542	30.84%	\$76,920,094	\$76,430,069	(\$490,025)	31.40%
State Revenue	132,715,328	132,377,217	99.75%	(338,111)	51.52%	126,520,034	127,909,962	1,389,928	52.55%
Federal Revenue	<u>2,850,000</u>	<u>2,501,476</u>	<u>87.77%</u>	<u>(348,524)</u>	<u>0.97%</u>	<u>2,349,000</u>	<u>2,463,100</u>	<u>114,100</u>	<u>1.01%</u>
Total Revenue Budget	214,070,874	214,122,781	100.02%	51,907	83.34%	205,789,128	206,803,131	1,014,003	84.97%
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>\$256,986,906</u></b>		<b><u>\$51,907</u></b>	<b><u>100.02%</u></b>	<b><u>\$243,387,906</u></b>	<b><u>\$244,401,909</u></b>	<b><u>\$1,014,003</u></b>	<b><u>100.42%</u></b>
<b>Object and Job Class</b>									
<b>Administrators</b>									
Salaries	\$11,550,220	\$11,500,507		\$49,713	99.57%	\$11,275,815	\$11,015,293	\$260,522	97.69%
Benefits	<u>2,879,690</u>	<u>2,824,833</u>		<u>54,857</u>	<u>98.10%</u>	<u>2,773,860</u>	<u>2,638,693</u>	<u>135,167</u>	<u>95.13%</u>
Subtotal	14,429,910	14,325,340		104,570	99.28%	14,049,675	13,653,986	395,689	97.18%
<b>Teachers</b>									
Salaries	82,869,907	80,578,540		2,291,367	97.23%	81,543,620	78,934,188	2,609,432	96.80%
Benefits	<u>22,329,902</u>	<u>21,446,655</u>		<u>883,247</u>	<u>96.04%</u>	<u>21,008,757</u>	<u>20,626,544</u>	<u>382,213</u>	<u>98.18%</u>
Subtotal	105,199,809	102,025,195		3,174,614	96.98%	102,552,377	99,560,732	2,991,645	97.08%
<b>Non-teaching Professionals</b>									
Salaries	2,078,302	2,069,871		8,431	99.59%	2,009,413	2,031,837	-22,424	101.12%
Benefits	<u>608,211</u>	<u>559,104</u>		<u>49,107</u>	<u>91.93%</u>	<u>535,692</u>	<u>529,504</u>	<u>6,188</u>	<u>98.84%</u>
Subtotal	2,686,513	2,628,975		57,538	97.86%	2,545,105	2,561,341	-16,236	100.64%
<b>Paraprofessionals</b>									
Salaries	6,885,973	6,369,149		516,824	92.49%	6,528,552	6,051,238	477,314	92.69%
Benefits	<u>2,487,135</u>	<u>2,085,738</u>		<u>401,397</u>	<u>83.86%</u>	<u>2,324,137</u>	<u>1,950,074</u>	<u>374,063</u>	<u>83.91%</u>
Subtotal	9,373,108	8,454,887		918,221	90.20%	8,852,689	8,001,312	851,377	90.38%
<b>Office &amp; Admin Support</b>									
Salaries	6,601,683	6,382,512		219,171	96.68%	6,491,076	6,371,731	119,345	98.16%
Benefits	<u>2,070,368</u>	<u>1,900,686</u>		<u>169,682</u>	<u>91.80%</u>	<u>2,043,529</u>	<u>1,857,232</u>	<u>186,297</u>	<u>90.88%</u>
Subtotal	8,672,051	8,283,198		388,853	95.52%	8,534,605	8,228,963	305,642	96.42%
<b>Skilled Trades</b>									
Salaries	6,602,499	6,456,986		145,513	97.80%	6,455,136	6,397,902	57,234	99.11%
Benefits	<u>2,098,650</u>	<u>1,936,076</u>		<u>162,574</u>	<u>92.25%</u>	<u>2,352,766</u>	<u>1,885,739</u>	<u>467,027</u>	<u>80.15%</u>
Subtotal	8,701,149	8,393,062		308,087	96.46%	8,807,902	8,283,641	524,261	94.05%
<b>Total Salaries &amp; Benefits</b>									
Salaries	116,588,584	113,357,565		3,231,019	97.23%	114,303,612	110,802,189	3,501,423	96.94%
Benefits	<u>32,473,956</u>	<u>30,753,092</u>		<u>1,720,864</u>	<u>94.70%</u>	<u>31,038,741</u>	<u>29,487,786</u>	<u>1,550,955</u>	<u>95.00%</u>
Subtotal	149,062,540	144,110,657		4,951,883	96.68%	145,342,353	140,289,975	5,052,378	96.52%

**General Fund**  
**Operating Summary by Object**  
**Year to Date through June 2017**  
**Percent of Year Completed - 100.0%**

	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	2,815,937	3,614,643		-798,706	128.36%	2,688,080	2,929,907	-241,827	109.00%
Purchased Property Services	4,100,860	3,387,733		713,127	82.61%	4,034,314	3,557,658	476,656	88.18%
Other Purchased Services	7,667,297	6,728,467		938,830	87.76%	6,820,930	6,353,143	467,787	93.14%
Subtotal	14,584,094	13,730,843		853,251	94.15%	13,543,324	12,840,708	702,616	94.81%
Supplies	11,370,331	8,905,583		2,464,748	78.32%	10,878,032	8,141,669	2,736,363	74.85%
Equipment	673,314	729,627		-56,313	108.36%	510,255	513,076	-2,821	100.55%
Other Expenses	555,554	654,949		-99,395	117.89%	613,602	551,555	62,047	89.89%
Subtotal	12,599,199	10,290,159		2,309,040	81.67%	12,001,889	9,206,300	2,795,589	76.71%
Subtotal Expenditure Accounts	176,245,833	168,131,659		8,114,174	95.40%	170,887,566	162,336,983	8,550,583	95.00%
Transfer - Charter Schools	27,132,214	27,112,320		19,894	99.93%	26,299,696	26,357,735	-58,039	100.22%
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	45,415,014		19,894	99.96%	40,040,348	40,098,387	-58,039	100.14%
<b>Total Expenditure Accounts &amp; Transfers/Allocations</b>	<b>221,680,741</b>	<b>213,546,673</b>		<b>8,134,068</b>	<b>96.33%</b>	<b>210,927,914</b>	<b>202,435,370</b>	<b>8,492,544</b>	<b>95.97%</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	24,369,126	0		24,369,126	0.00%	22,281,384	0	22,281,384	0.00%
Subtotal	35,254,258	0		35,254,258	0.00%	32,459,992	0	32,459,992	0.00%
<b>Total Appropriated Budget</b>	<b>\$256,934,999</b>	<b>\$213,546,673</b>		<b>\$43,388,326</b>	<b>83.11%</b>	<b>\$243,387,906</b>	<b>\$202,435,370</b>	<b>\$40,952,536</b>	<b>83.17%</b>
<b>Total Resources Over (Under)</b>									
<b>Total Expenditures</b>		<b>\$43,440,233</b>					<b>\$41,966,539</b>		

	Unassigned	Restricted/Assigned	Total
July 1, 2016 Audited Fund Balance	\$ 28,635,281	\$ 14,028,844	\$ 42,664,125
Projected Revenues	214,070,874	-	214,070,874
Projected Expenditures	(213,377,943)		(213,377,943)
Increase in Assignment for TABOR	(200,000)	200,000	-
Projected June 30, 2017 Unassigned Fund Bal:	\$ 29,128,212	\$ 14,228,844	\$ 43,357,056
Projected Change in Unassigned Fund Balance	\$ 492,931	\$ 200,000	\$ 692,931



**Academy District 20**  
Budget to Actual Comparisons 2016-2017 and Prior Year 2015-2016  
as of June 30, 2017

Results as of end of quarter:	2016-2017					Results as of end of quarter:	2015-2016						
	Adopted Budget	YTD Final Budget	YTD Actual	YTD Variance	% Spent		Adopted Budget	YTD Final Budget	YTD Actual	YTD Variance	% Spent		
General (10)	Total Resources	244,760,333	256,934,999	256,986,906	(51,907)	100.0%	General (10)	Total Resources	238,419,552	243,387,906	244,401,909	(1,014,003)	100.4%
	Total Expenditures	244,760,333	256,934,999	213,546,673	43,388,326	83.1%		Total Expenditures	238,419,552	243,387,906	202,435,370	40,952,536	83.2%
	Surplus (deficit)	-	-	43,440,233	(43,440,233)			Surplus (deficit)	-	-	41,966,539	(41,966,539)	
Food Service (21)	Total Resources	5,413,468	5,674,771	6,070,605	(395,834)	107.0%	Food Service (21)	Total Resources	5,573,629	5,635,572	5,790,212	(154,640)	102.7%
	Total Expenditures	5,413,468	5,674,771	5,386,678	288,093	94.9%		Total Expenditures	5,573,629	5,635,572	5,267,388	368,184	93.5%
	Surplus (deficit)	-	-	683,927	(683,927)			Surplus (deficit)	-	-	522,824	(522,824)	
Designated Purpose Grants (22)	Total Resources	7,500,000	7,500,000	4,589,569	2,910,431	61.2%	Designated Purpose Grants (22)	Total Resources	7,500,000	8,050,000	4,751,066	3,298,934	59.0%
	Total Expenditures	7,500,000	7,500,000	5,163,540	2,336,460	68.8%		Total Expenditures	7,500,000	8,050,000	5,699,935	2,350,065	70.8%
	Surplus (deficit)	-	-	(573,971)	573,971			Surplus (deficit)	-	-	(948,869)	948,869	
Transportation (25)	Total Resources	8,789,392	9,259,854	9,279,774	(19,920)	100.2%	Transportation (25)	Total Resources	8,111,754	8,595,642	8,630,928	(35,286)	100.4%
	Total Expenditures	8,789,392	9,259,854	7,423,240	1,836,614	80.2%		Total Expenditures	8,111,754	8,595,642	7,047,295	1,548,347	82.0%
	Surplus (deficit)	-	-	1,856,534	(1,856,534)			Surplus (deficit)	-	-	1,583,633	(1,583,633)	
Bond Redemption (31)	Total Resources	42,530,196	46,895,534	46,768,699	126,835	99.7%	Bond Redemption (31)	Total Resources	42,580,858	44,098,689	43,711,984	386,705	99.1%
	Total Expenditures	42,530,196	46,895,534	20,787,396	26,108,138	44.3%		Total Expenditures	42,580,858	44,098,689	17,985,988	26,112,701	40.8%
	Surplus (deficit)	-	-	25,981,303	(25,981,303)			Surplus (deficit)	-	-	25,725,996	(25,725,996)	
Building (41)	Total Resources	-	183,766,429	185,320,273	(1,553,844)	100.8%	Building (41)	Total Resources	-	-	-	-	-
	Total Expenditures	-	183,766,429	3,814,204	179,952,225	2.1%		Total Expenditures	-	-	-	-	-
	Surplus (deficit)	-	-	181,506,069	(181,506,069)			Surplus (deficit)	-	-	-	-	-
CRCP (43)	Total Resources	5,679,557	12,452,633	12,548,902	(96,269)	100.8%	CRCP (43)	Total Resources	5,500,507	9,710,143	9,877,006	(166,863)	101.7%
	Total Expenditures	5,679,557	12,452,633	4,067,217	8,385,416	32.7%		Total Expenditures	5,500,507	9,710,143	5,661,945	4,048,198	58.3%
	Surplus (deficit)	-	-	8,481,685	(8,481,685)			Surplus (deficit)	-	-	4,215,061	(4,215,061)	
Technology (44)	Total Resources	14,072,587	15,125,468	15,409,341	(283,873)	101.9%	Technology (44)	Total Resources	12,649,107	14,696,100	15,080,735	(384,635)	102.6%
	Total Expenditures	14,072,587	15,125,468	6,704,566	8,420,902	44.3%		Total Expenditures	12,649,107	14,696,100	6,814,041	7,882,059	46.4%
	Surplus (deficit)	-	-	8,704,775	(8,704,775)			Surplus (deficit)	-	-	8,266,694	(8,266,694)	