

ACADEMY 20 BOARD OF EDUCATION
April 21, 2016

Subject: Monthly Financial Report through March 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, Chief Financial Officer and Dr. Mark Hatchell, Superintendent

Date: April 13, 2016

MEMORANDUM

TO: Dr. Mark Hatchell, Superintendent
Board of Education

FROM: Tom Gregory, Chief Financial Officer

DATE: April 13, 2016

SUBJECT: March Financial Report

REVENUES

Graph #1 and Table #1 show that through March we have collected about 55.4% 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 55.2%. 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 9 months of the year complete (75.0%), spending, which includes total appropriation, is at 63.55%. 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 but generally pickup in late spring
- 2) the full transfer amounts were made to the Capital Reserve Capital Projects (CRCP), Transportation and Technology Funds in the month of July
- 3) 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
- 4) 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
- 5) 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 (73.4%) are slightly below to last year (74.3%). 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 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 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 will be 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 to our bond paying agents.

Investments	Mar-16	Feb-16	Jan-16	Dec-15	Nov-15
General Fund Account					
Colotrust	48,645,292	26,384,521	28,795,455	31,534,029	39,962,135
Total General Fund	48,645,292	26,384,521	28,795,455	31,534,029	39,962,135
TABOR Account					
Colotrust	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 - Colotrust	16,612,730	8,145,668	7,959,026	7,953,805	23,825,451
Total Bond Redemption	16,612,730	8,145,668	7,959,026	7,953,805	23,825,451
Total Investments	\$70,390,022	\$39,662,189	\$41,886,481	\$44,619,834	\$68,919,586

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.

PROJECTED FUND BALANCE

This is the third 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 from the prior year. At this time the assumed revenues for FY2014-2015 are expected to be 100.0% of adopted budget and non-salary/benefit expenditures are projected at 97%.

Using these assumptions, the June 30, 2016 fund balance projection shows a decrease of approximately \$137k in unassigned fund balance. As the year goes on, actual activity will be used to modify and refine the projection. The actual activity for the next quarter may be used to modify the fund balance projection used in the 2016-2016 adopted budget.

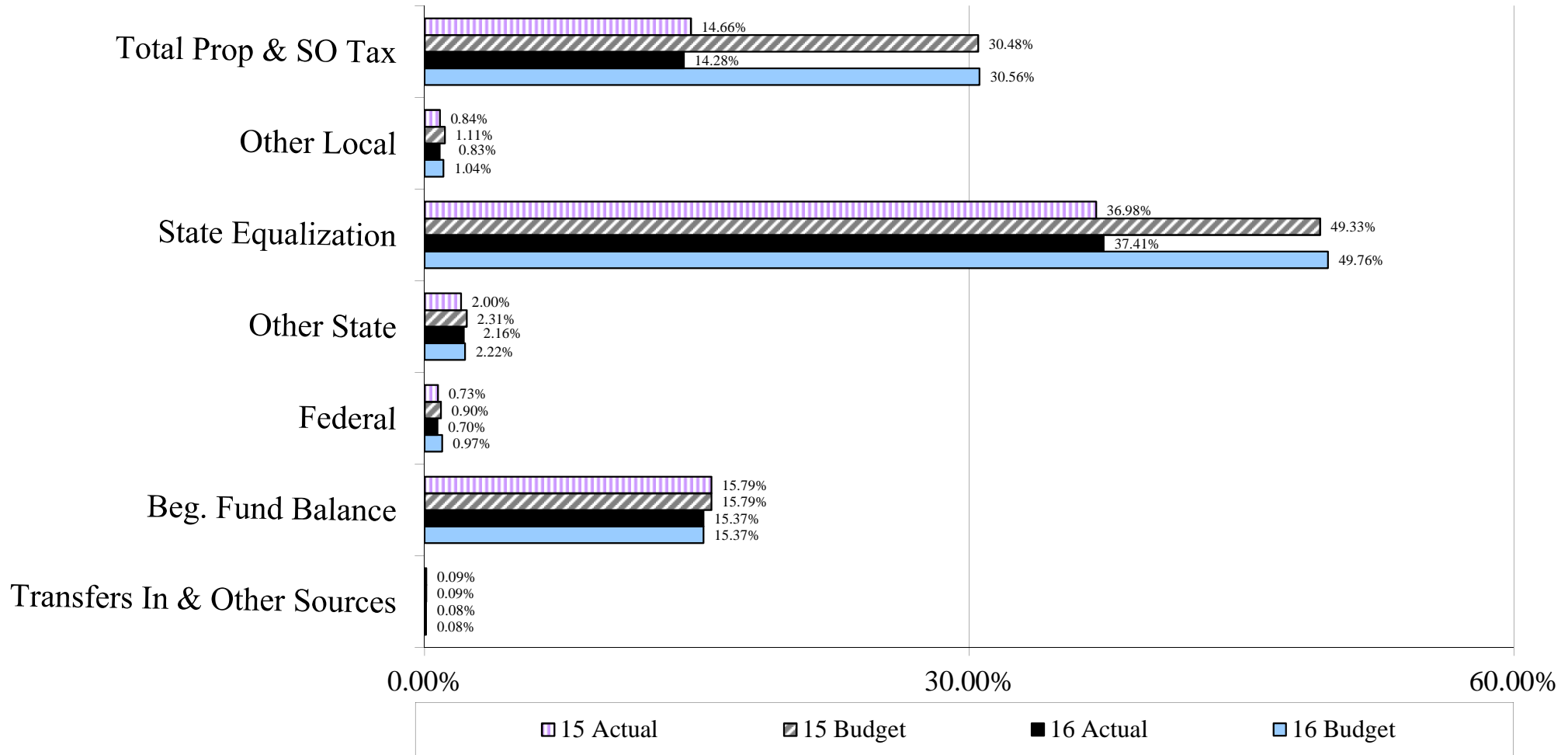
March 2016

General Fund

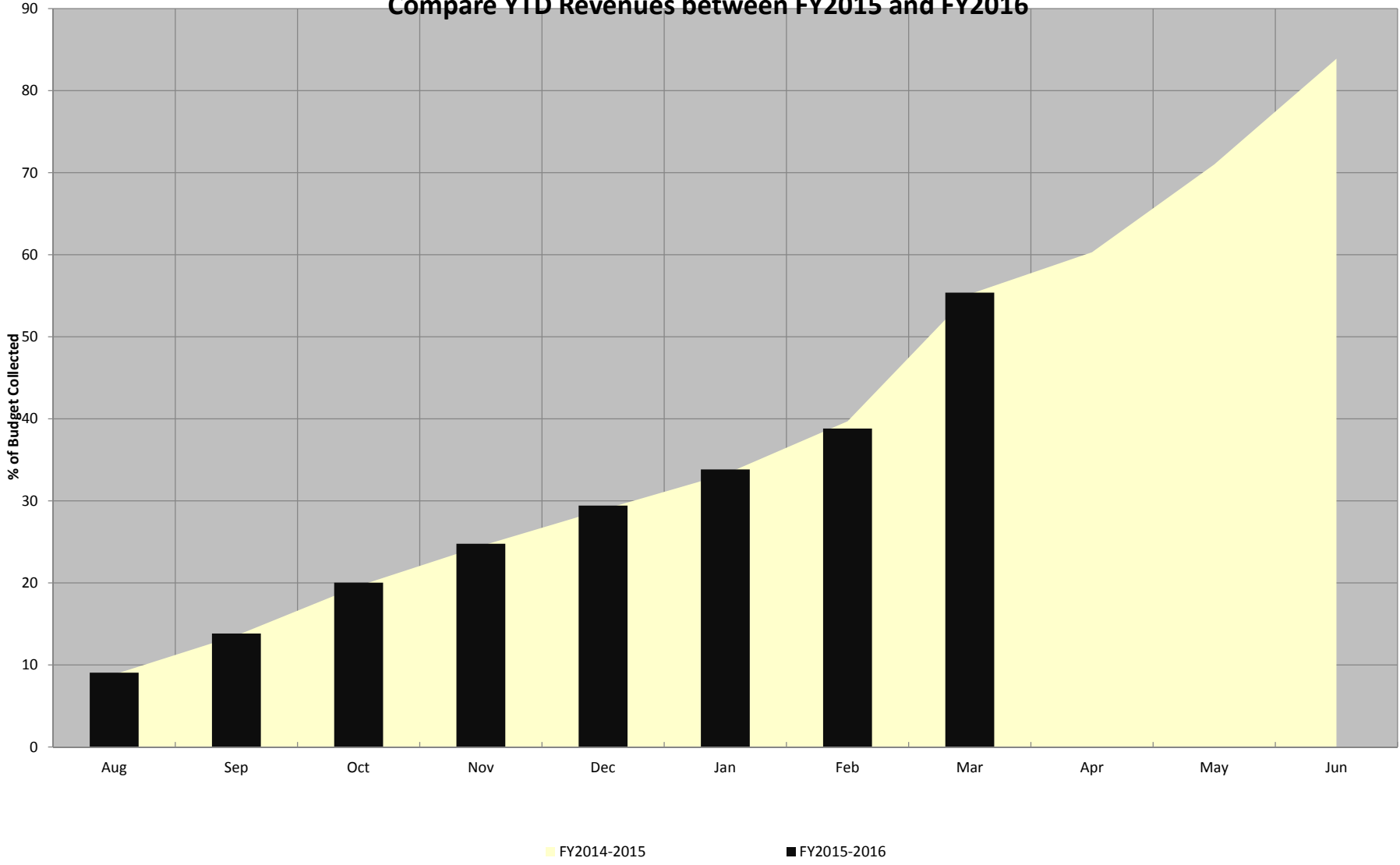
Financial Report

General Fund Major Revenue Categories

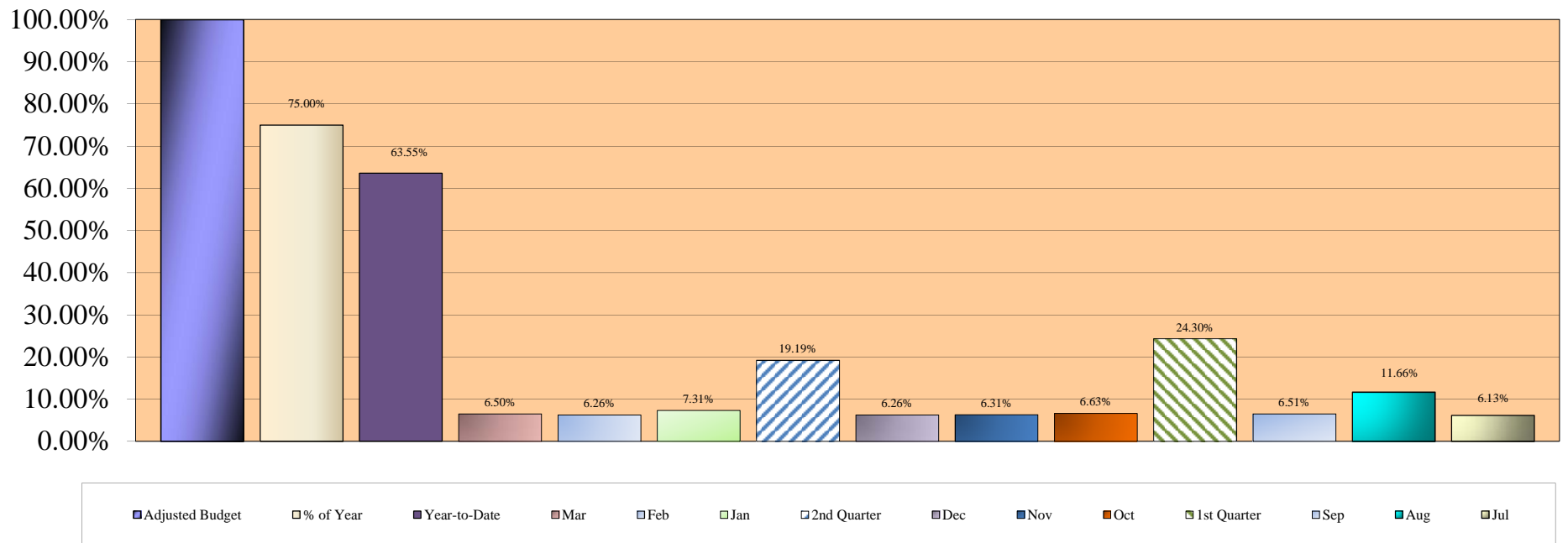
Year-to-Date Budget to Actual through March 2016 Compared to Year-to-Date Budget to Actual through March 2015



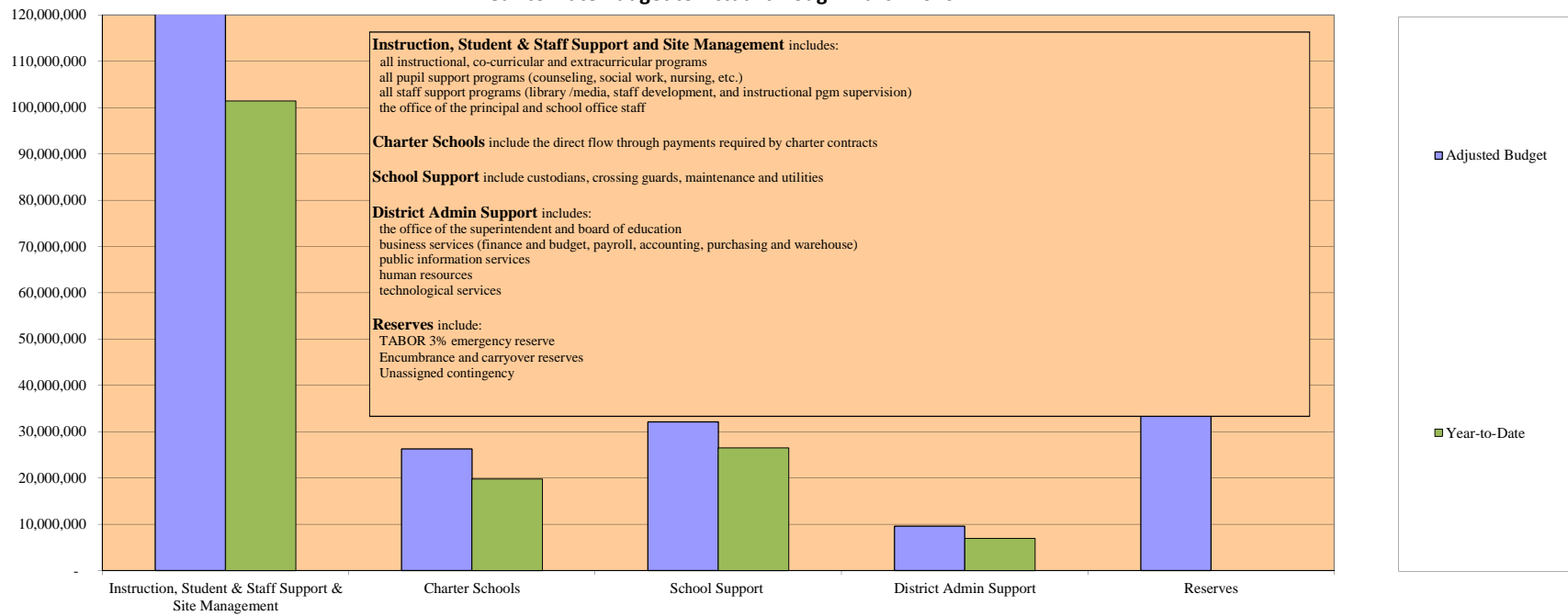
Compare YTD Revenues between FY2015 and FY2016



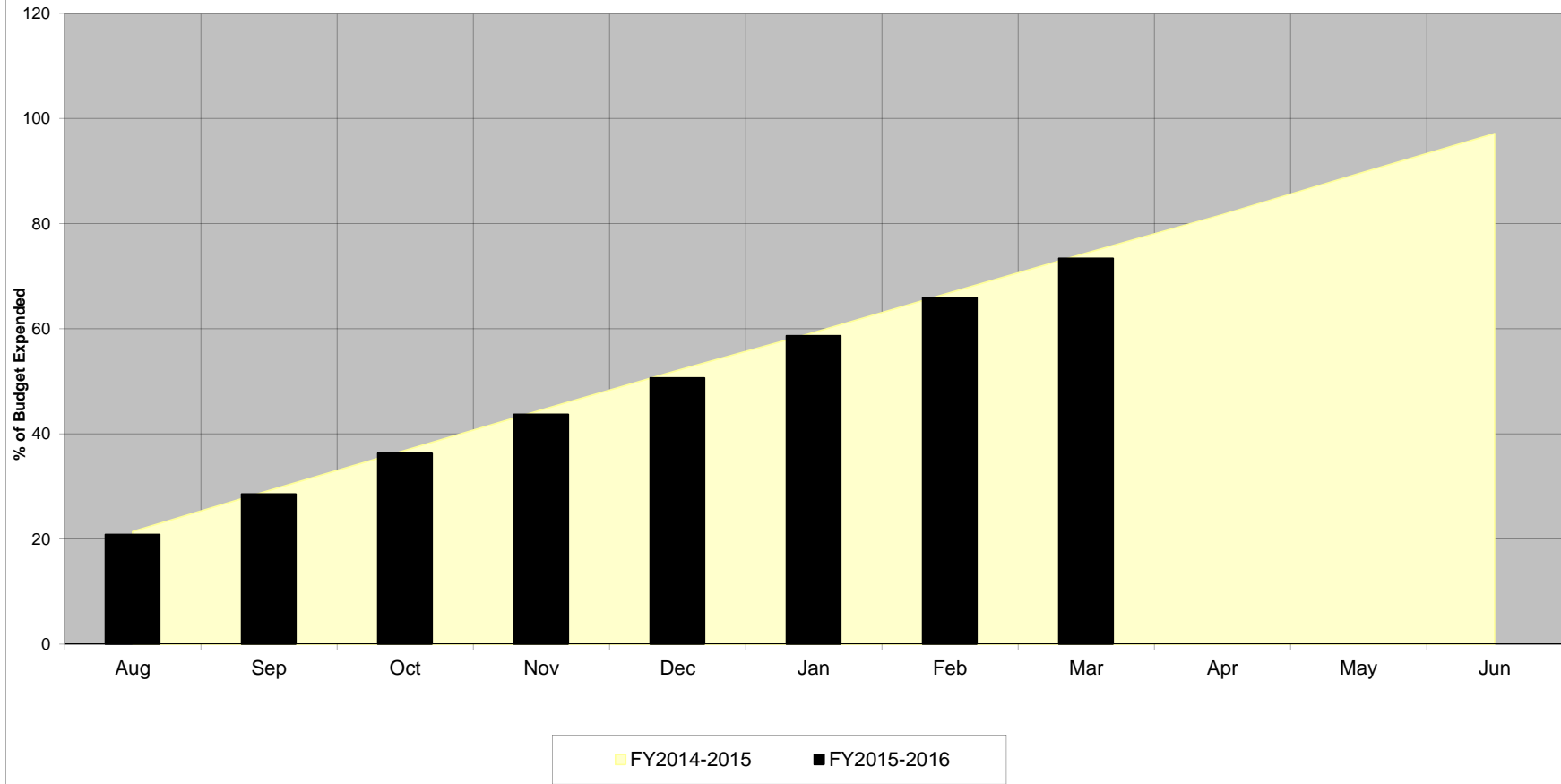
General Fund Total Expenditures Budget to Actual Comparison by Month and Year-to-Date - Unaudited



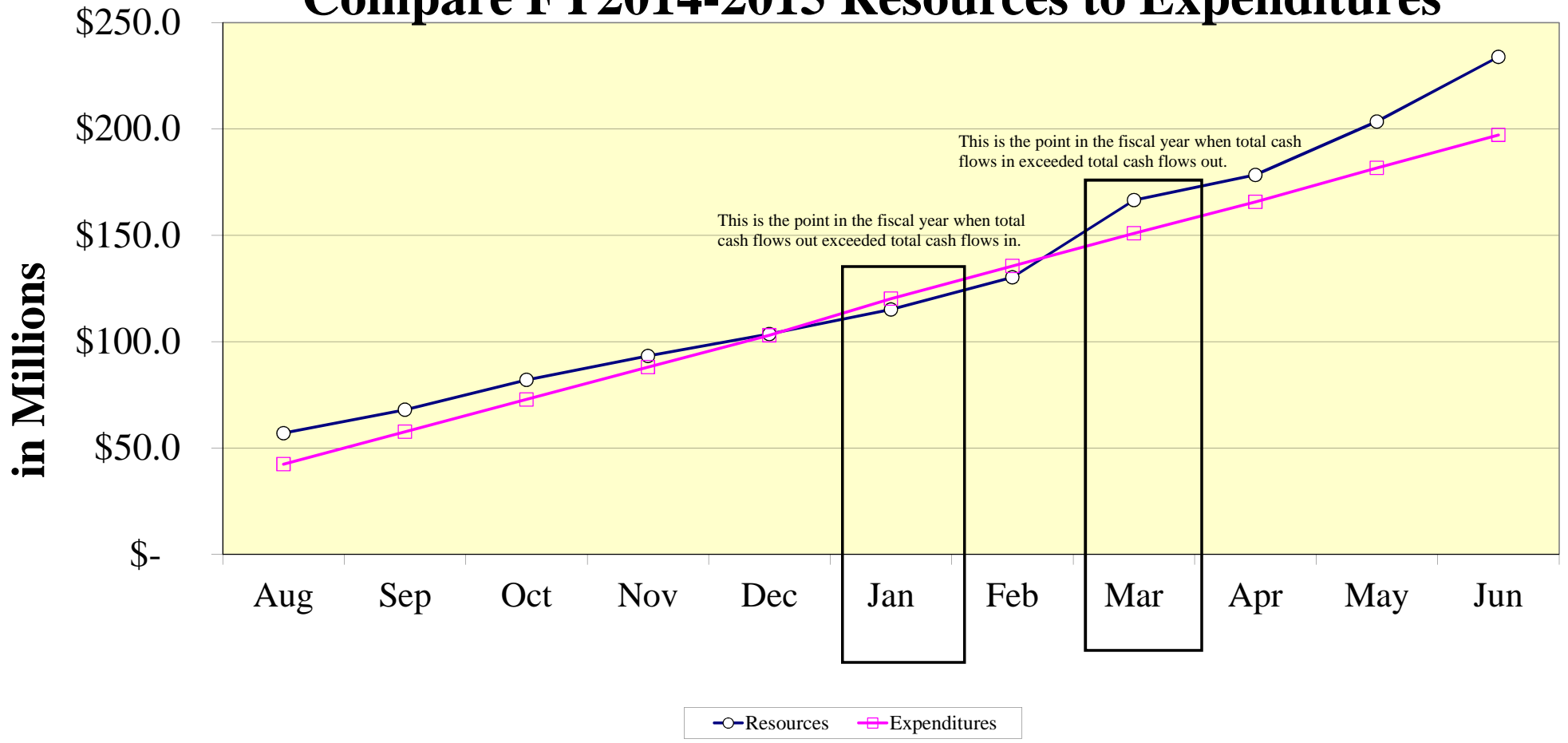
**General Fund Expenditures Budget To Actual by Major Program Category
Year-to-Date Budget to Actual through March 2016**



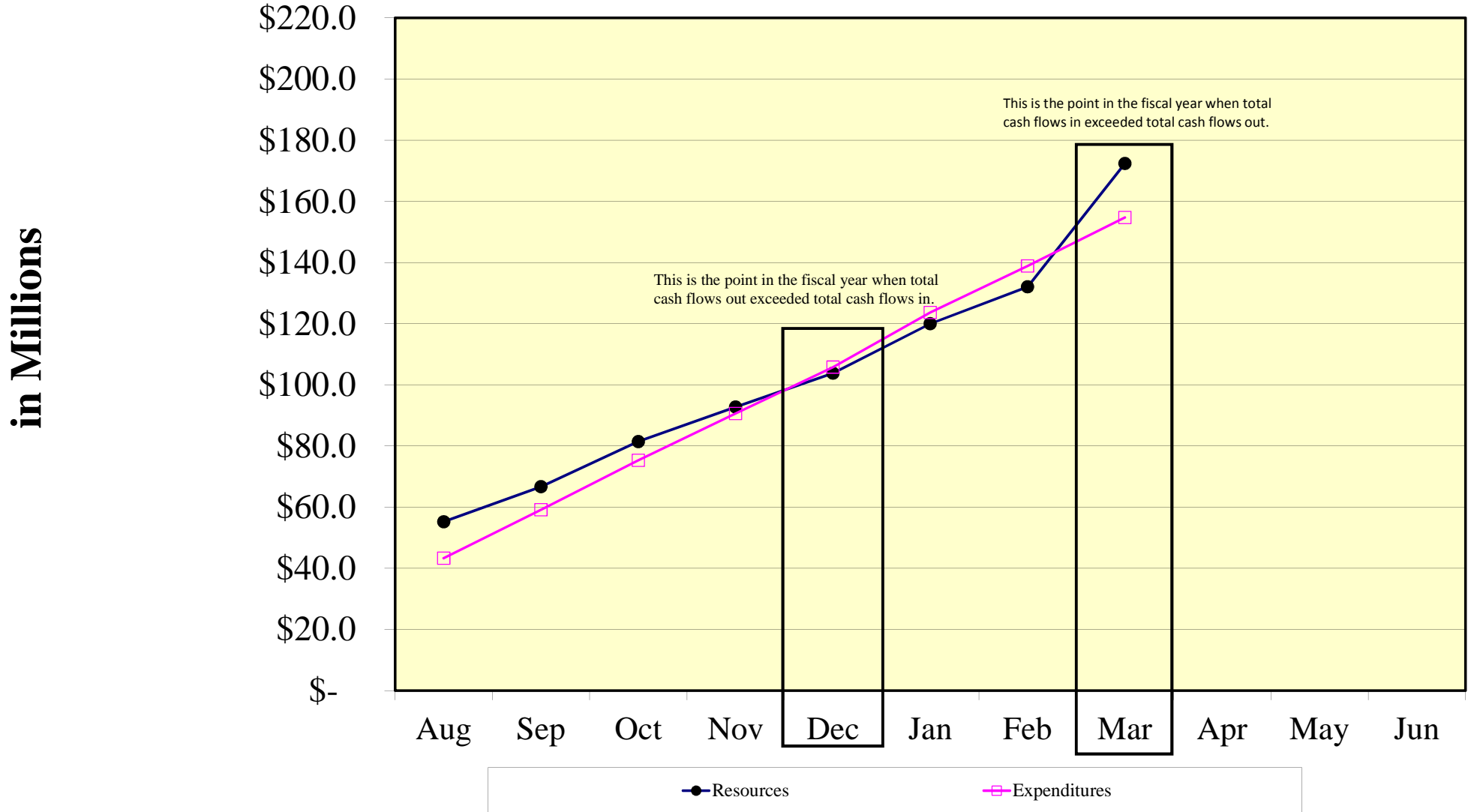
Compare YTD Expenditures between FY2015 and FY2016



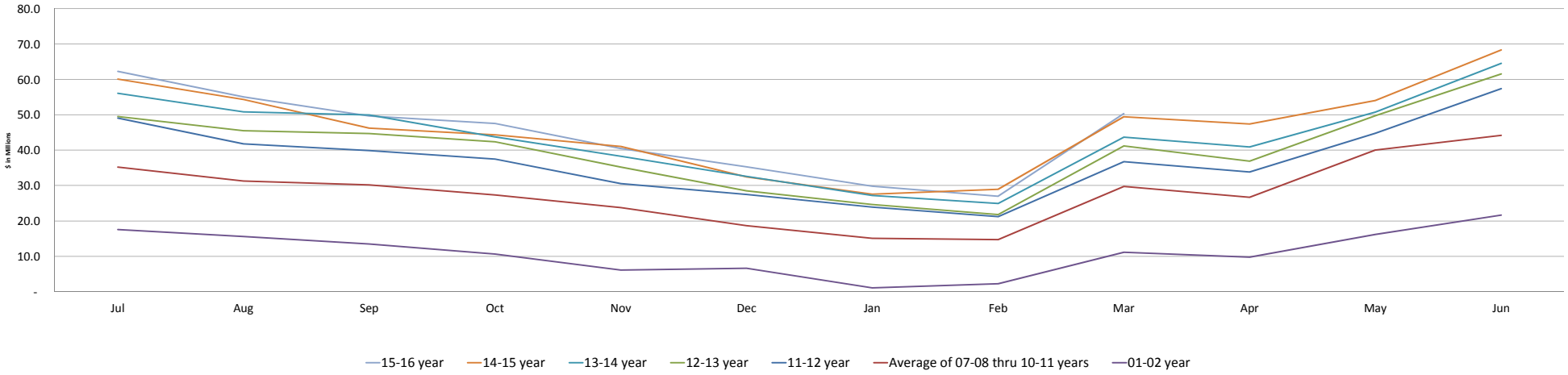
Compare FY2014-2015 Resources to Expenditures



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 Mar 2016
Percent of Year Completed - 75.0%

	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	\$36,788,467	47.83%	(\$40,131,627)	15.12%	\$74,042,899	\$36,314,644	(\$37,728,255)	15.49%
State Revenue	126,520,034	96,306,528	76.12%	(30,213,506)	39.57%	121,039,299	91,364,431	(29,674,868)	38.98%
Federal Revenue	<u>2,349,000</u>	<u>1,705,461</u>	<u>72.60%</u>	<u>(643,539)</u>	<u>0.70%</u>	<u>2,100,000</u>	<u>1,701,448</u>	<u>(398,552)</u>	<u>0.73%</u>
Total Revenue Budget	205,789,128	134,800,456	65.50%	(70,988,672)	55.39%	197,182,198	129,380,523	(67,801,675)	55.20%
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>\$172,399,234</u>		<u>(\$70,988,672)</u>	<u>70.83%</u>	<u>\$234,390,665</u>	<u>\$166,588,990</u>	<u>(\$67,801,675)</u>	<u>71.07%</u>
Object and Job Class									
Administrators									
Salaries	\$11,275,815	\$8,279,432		\$2,996,383	73.43%	\$10,867,345	\$8,148,130	\$2,719,215	74.98%
Benefits	<u>2,773,860</u>	<u>1,969,053</u>		<u>804,807</u>	<u>70.99%</u>	<u>2,538,320</u>	<u>1,839,384</u>	<u>698,936</u>	<u>72.46%</u>
Subtotal	14,049,675	10,248,485		3,801,190	72.94%	13,405,665	9,987,514	3,418,151	74.50%
Teachers									
Salaries	81,949,826	59,255,200		22,694,626	72.31%	79,146,054	58,427,139	20,718,915	73.82%
Benefits	<u>20,941,480</u>	<u>15,362,849</u>		<u>5,578,631</u>	<u>73.36%</u>	<u>20,048,394</u>	<u>14,608,130</u>	<u>5,440,264</u>	<u>72.86%</u>
Subtotal	102,891,306	74,618,049		28,273,257	72.52%	99,194,448	73,035,269	26,159,179	73.63%
Non-teaching Professionals									
Salaries	1,945,545	1,528,835		416,710	78.58%	1,977,397	1,452,041	525,356	73.43%
Benefits	<u>528,616</u>	<u>391,128</u>		<u>137,488</u>	<u>73.99%</u>	<u>517,191</u>	<u>371,328</u>	<u>145,863</u>	<u>71.80%</u>
Subtotal	2,474,161	1,919,963		554,198	77.60%	2,494,588	1,823,369	671,219	73.09%
Paraprofessionals									
Salaries	6,518,423	4,559,326		1,959,097	69.95%	5,958,725	4,336,837	1,621,888	72.78%
Benefits	<u>2,323,757</u>	<u>1,460,211</u>		<u>863,546</u>	<u>62.84%</u>	<u>1,900,355</u>	<u>1,367,827</u>	<u>532,528</u>	<u>71.98%</u>
Subtotal	8,842,180	6,019,537		2,822,643	68.08%	7,859,080	5,704,664	2,154,416	72.59%
Office & Admin Support									
Salaries	6,457,497	4,803,326		1,654,171	74.38%	6,337,185	4,793,372	1,543,813	75.64%
Benefits	<u>2,042,029</u>	<u>1,389,996</u>		<u>652,033</u>	<u>68.07%</u>	<u>1,837,991</u>	<u>1,321,017</u>	<u>516,974</u>	<u>71.87%</u>
Subtotal	8,499,526	6,193,322		2,306,204	72.87%	8,175,176	6,114,389	2,060,787	74.79%
Skilled Trades									
Salaries	6,398,012	4,842,409		1,555,603	75.69%	6,426,238	4,781,061	1,645,177	74.40%
Benefits	<u>2,352,766</u>	<u>1,411,791</u>		<u>940,975</u>	<u>60.01%</u>	<u>1,859,056</u>	<u>1,355,358</u>	<u>503,698</u>	<u>72.91%</u>
Subtotal	8,750,778	6,254,200		2,496,578	71.47%	8,285,294	6,136,419	2,148,875	74.06%
Total Salaries & Benefits									
Salaries	114,545,118	83,268,528		31,276,590	72.69%	110,712,944	81,938,580	28,774,364	74.01%
Benefits	<u>30,962,508</u>	<u>21,985,028</u>		<u>8,977,480</u>	<u>71.01%</u>	<u>28,701,307</u>	<u>20,863,044</u>	<u>7,838,263</u>	<u>72.69%</u>
Subtotal	145,507,626	105,253,556		40,254,070	72.34%	139,414,251	102,801,624	36,612,627	73.74%

General Fund
Operating Summary by Object
Year to Date through Mar 2016
Percent of Year Completed - 75.0%

	Adjusted Budget	Actual	Variance		FY2015 Final Budget	FY2015 Actual	Variance		
			% of Actual Revenue to Adjusted Budget	Adjusted Budget to Actual			% of Budget	Adjusted Budget to Actual	% of Budget
Non-Salaries									
Purchased Professional & Technical	2,525,870	2,096,881		428,989	83.02%	2,416,258	1,760,628	655,630	72.87%
Purchased Property Services	3,787,538	2,545,614		1,241,924	67.21%	3,780,569	2,630,204	1,150,365	69.57%
Other Purchased Services	6,764,266	4,841,343		1,922,923	71.57%	6,869,587	4,296,078	2,573,509	62.54%
Subtotal	13,077,674	9,483,838		3,593,836	72.52%	13,066,414	8,686,910	4,379,504	66.48%
Supplies	11,041,100	5,611,435		5,429,665	50.82%	10,628,837	6,109,254	4,519,583	57.48%
Equipment	393,721	390,365		3,356	99.15%	437,767	398,472	39,295	91.02%
Other Expenses	678,988	423,080		255,908	62.31%	532,469	373,981	158,488	70.24%
Subtotal	12,113,809	6,424,880		5,688,929	53.04%	11,599,073	6,881,707	4,717,366	59.33%
Subtotal Expenditure Accounts	170,699,109	121,162,274		49,536,835	70.98%	164,079,738	118,370,241	45,709,497	72.14%
Transfer - Charter Schools	26,299,696	19,778,643		6,521,053	75.20%	25,523,578	19,142,685	6,380,893	75.00%
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	33,519,295		6,521,053	83.71%	38,924,728	32,543,835	6,380,893	83.61%
Total Expenditure Accounts & Transfers/Allocations	210,739,457	154,681,569		56,057,888	73.40%	203,004,466	150,914,076	52,090,390	74.34%
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	22,469,841	0		22,469,841	0.00%	21,815,725	0	21,815,725	0.00%
Subtotal	32,648,449	0		32,648,449	0.00%	31,386,199	0	31,386,199	0.00%
Total Appropriated Budget	\$243,387,906	\$154,681,569		\$88,706,337	63.55%	\$234,390,665	\$150,914,076	\$83,476,589	64.39%
Total Resources Over (Under)									
Total Expenditures		\$17,717,665					\$15,674,914		

	Unassigned	Restricted/Assigned	Total
July 1, 2015 Audited Fund Balance	\$ 24,704,710	\$ 12,694,068	\$ 37,398,778
Projected Revenues	206,432,128	-	206,432,128
Projected Expenditures	(205,517,643)	-	(205,517,643)
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	\$ 24,567,410	\$ 13,745,853	\$ 38,313,263
Projected Change in Unassigned Fund Balance	\$ (137,300)	\$ 1,051,785	\$ 914,485

Academy District 20
 Budget to Actual Comparisons 2015-2016 and Prior Year 2014-2015
 as of March 31, 2016

2015-2016						2014-2015					
Results as of end of quarter:	Adopted Budget	YTD Final Budget	YTD Actual	YTD Variance	% Spent	Results as of end of quarter:	Adopted Budget	YTD Final Budget	YTD Actual	YTD Variance	% Spent
General (10)						General (10)					
Total Resources	238,419,552	243,387,906	172,399,234	70,988,672	70.8%	Total Resources	232,250,482	234,390,665	166,588,990	67,801,675	71.1%
Total Appropriation	238,419,552	243,387,906	154,681,569	88,706,337	63.6%	Total Appropriation	232,250,482	234,390,665	150,914,076	83,476,589	64.4%
Surplus (deficit)	-	-	17,717,665	(17,717,665)		Surplus (deficit)	-	-	15,674,914	(15,674,914)	
Food Service (21)						Food Service (21)					
Total Resources	5,573,629	5,635,572	4,339,300	1,296,272	77.0%	Total Resources	5,438,760	5,933,629	4,111,008	1,822,621	69.3%
Total Appropriation	5,573,629	5,635,572	3,643,560	1,992,012	64.7%	Total Appropriation	5,438,760	5,933,629	3,416,603	2,517,026	57.6%
Surplus (deficit)	-	-	695,740	(695,740)		Surplus (deficit)	-	-	694,405	(694,405)	
Designated Purpose Grants (22)						Designated Purpose Grants (22)					
Total Resources	7,500,000	8,050,000	3,580,530	4,469,470	44.5%	Total Resources	8,100,000	8,100,000	3,995,729	4,104,271	49.3%
Total Appropriation	7,500,000	8,050,000	3,916,874	4,133,126	48.7%	Total Appropriation	8,100,000	8,100,000	3,957,089	4,142,911	48.9%
Surplus (deficit)	-	-	(336,344)	336,344		Surplus (deficit)	-	-	38,640	(38,640)	
Transportation (25)						Transportation (25)					
Total Resources	8,111,754	8,595,642	8,377,502	218,140	97.5%	Total Resources	7,663,360	7,862,534	7,787,956	74,578	99.1%
Total Appropriation	8,111,754	8,595,642	5,257,598	3,338,044	61.2%	Total Appropriation	7,663,360	7,862,534	5,125,106	2,737,428	65.2%
Surplus (deficit)	-	-	3,119,904	(3,119,904)		Surplus (deficit)	-	-	2,662,850	(2,662,850)	
Bond Redemption (31)						Bond Redemption (31)					
Total Resources	42,580,858	44,098,689	32,512,853	11,585,836	73.7%	Total Resources	41,443,063	50,347,517	32,495,190	17,852,327	64.5%
Total Appropriation	42,580,858	44,098,689	15,900,125	28,198,564	36.1%	Total Appropriation	41,443,063	50,347,517	15,858,327	34,489,190	31.5%
Surplus (deficit)	-	-	16,612,728	(16,612,728)		Surplus (deficit)	-	-	16,636,863	(16,636,863)	
CRCP (43)						CRCP (43)					
Total Resources	5,500,507	9,710,143	9,728,075	(17,932)	100.2%	Total Resources	5,559,755	9,308,238	9,648,109	(339,871)	103.7%
Total Appropriation	5,500,507	9,710,143	4,829,884	4,880,259	49.7%	Total Appropriation	5,559,755	9,308,238	3,709,080	5,599,158	39.8%
Surplus (deficit)	-	-	4,898,191	(4,898,191)		Surplus (deficit)	-	-	5,939,029	(5,939,029)	
Technology (44)						Technology (44)					
Total Resources	12,649,107	14,696,100	14,961,391	(265,291)	101.8%	Total Resources	11,699,251	13,566,027	14,302,603	(736,576)	105.4%
Total Appropriation	12,649,107	14,696,100	5,237,269	9,458,831	35.6%	Total Appropriation	11,699,251	13,566,027	4,799,618	8,766,409	35.4%
Surplus (deficit)	-	-	9,724,122	(9,724,122)		Surplus (deficit)	-	-	9,502,985	(9,502,985)	