

ACADEMY 20 BOARD OF EDUCATION
June 16, 2016

Subject: Monthly Financial Report through May 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: June 7, 2016

MEMORANDUM

TO: Dr. Mark Hatchell, Superintendent
Board of Education

FROM: Tom Gregory, Chief Financial Officer

DATE: June 7, 2016

SUBJECT: May Financial Report

REVENUES

Graph #1 and Table #1 show that through May we have collected about 72.2% 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 71.0%. 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 11 months of the year complete (91.67%), spending, which includes total appropriation, is at 76.3%. 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 (88.0%) are below last year (89.5%). 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	May-16	Apr-16	Mar-16	Feb-16	Jan-16
General Fund Account					
Colotrust	57,832,508	46,050,290	48,645,292	26,384,521	28,795,455
Total General Fund	57,832,508	46,050,290	48,645,292	26,384,521	28,795,455
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	21,803,224	16,971,558	16,612,730	8,145,668	7,959,026
Total Bond Redemption	21,803,224	16,971,558	16,612,730	8,145,668	7,959,026
Total Investments	\$84,767,732	\$68,153,848	\$70,390,022	\$39,662,189	\$41,886,481

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.

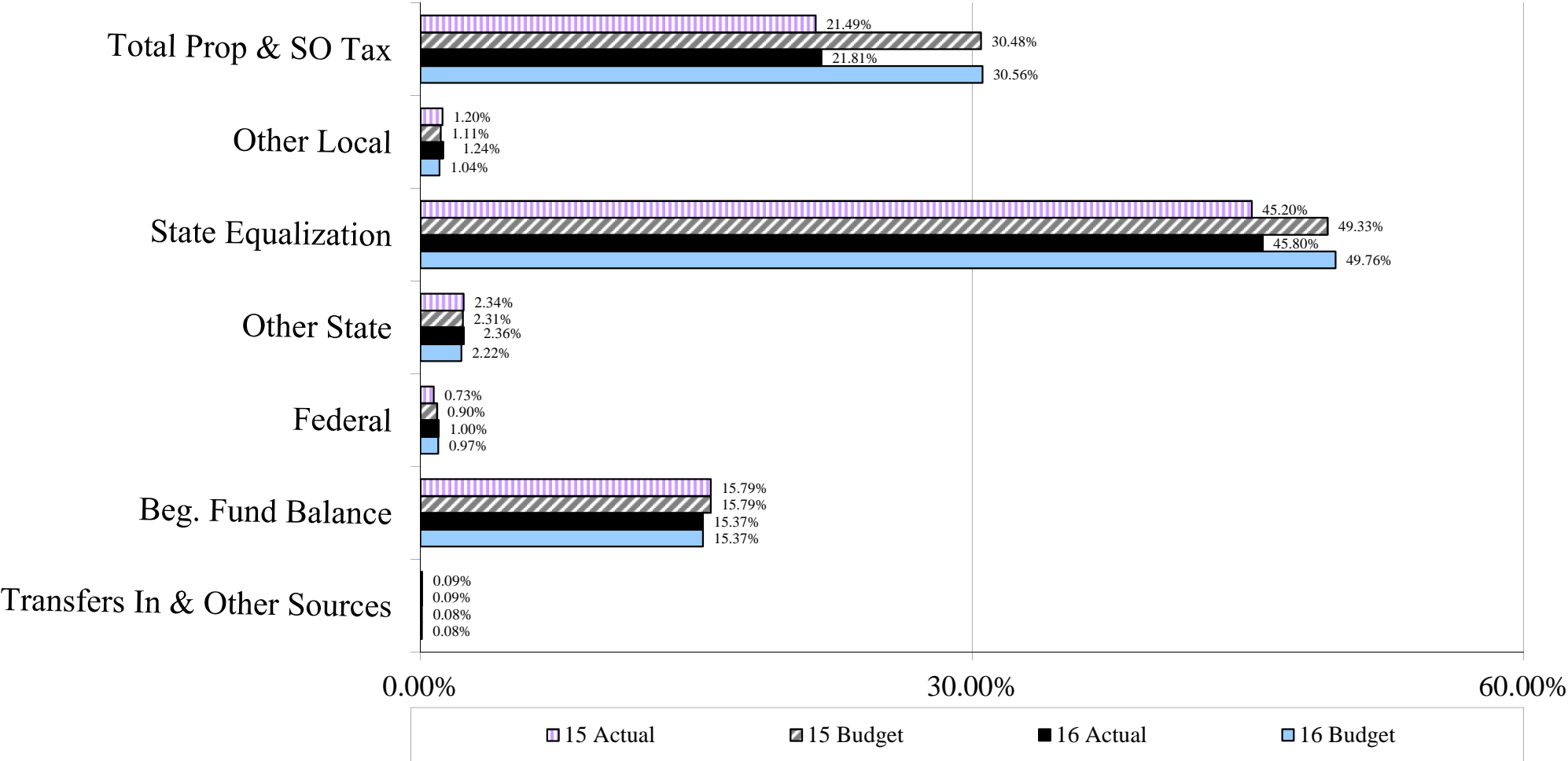
May 2016

General Fund

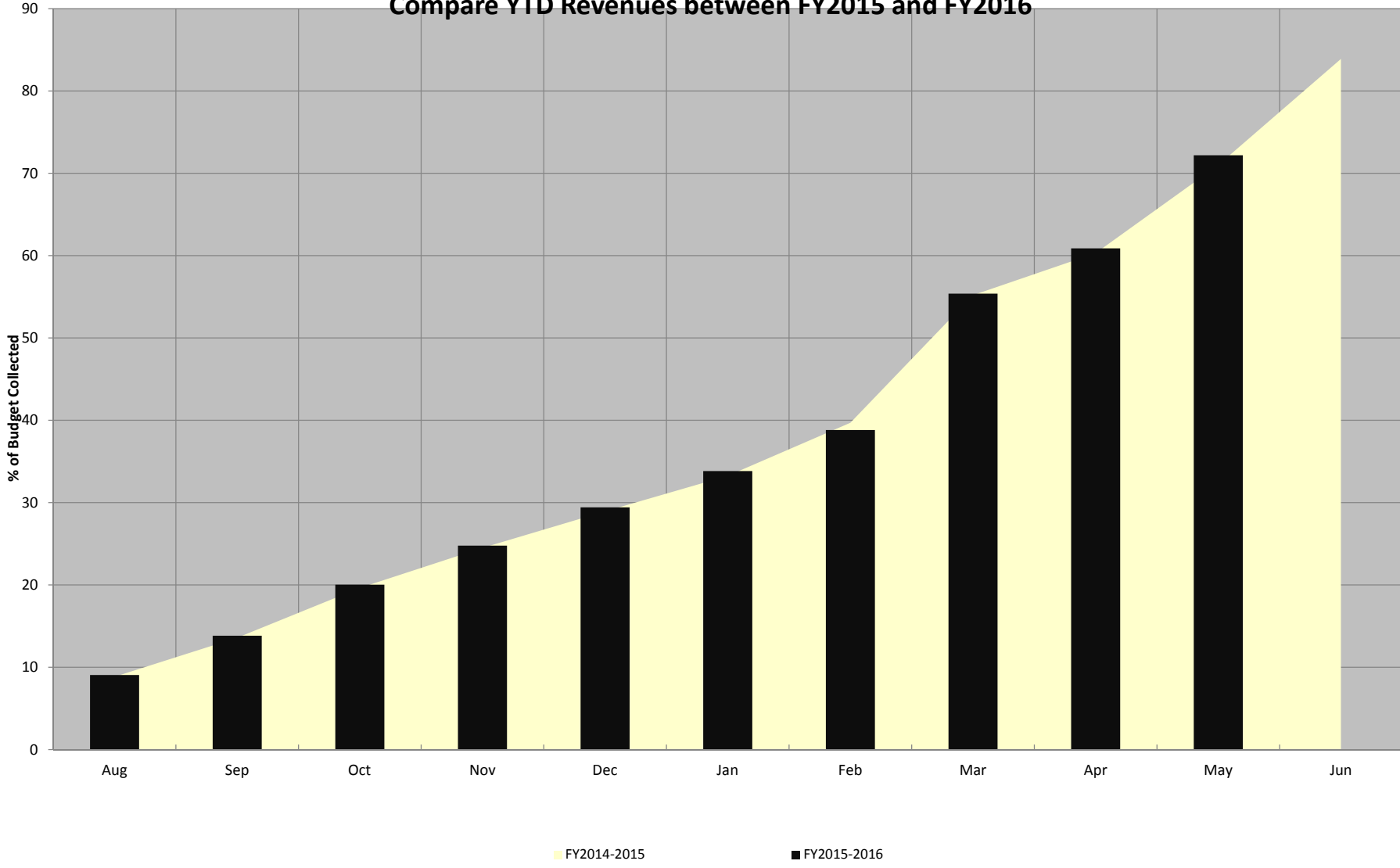
Financial Report

General Fund Major Revenue Categories

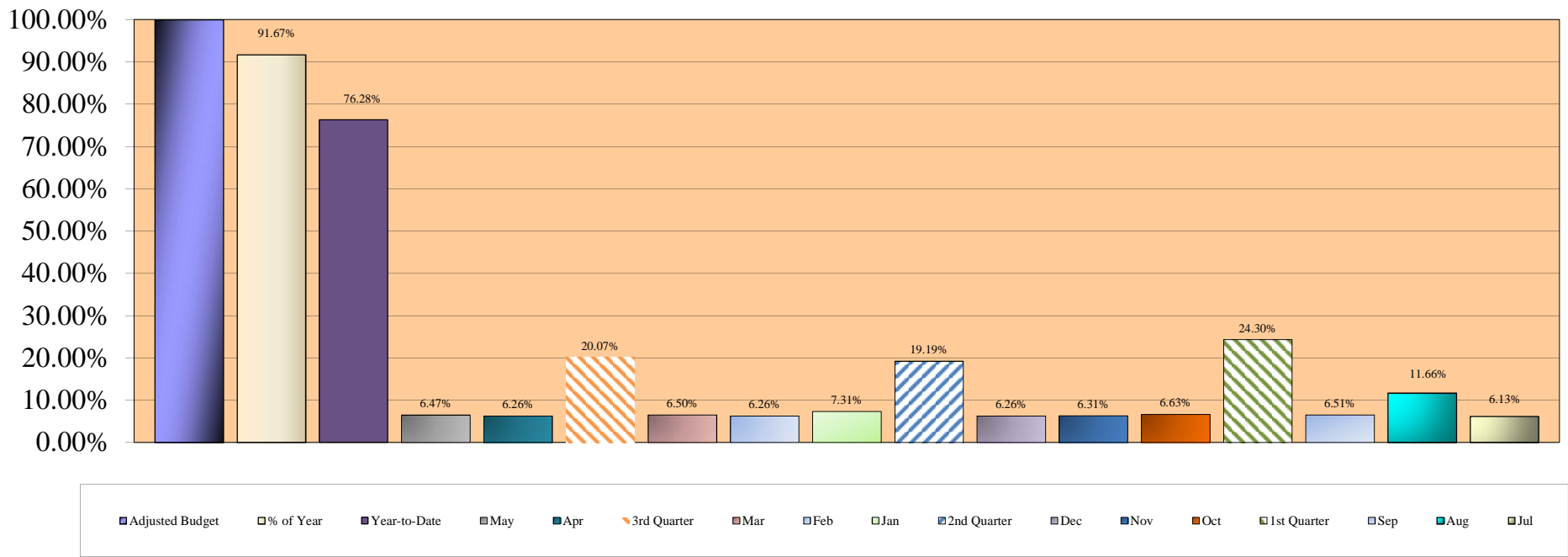
Year-to-Date Budget to Actual through May 2016 Compared to Year-to-Date Budget to Actual through May 2015



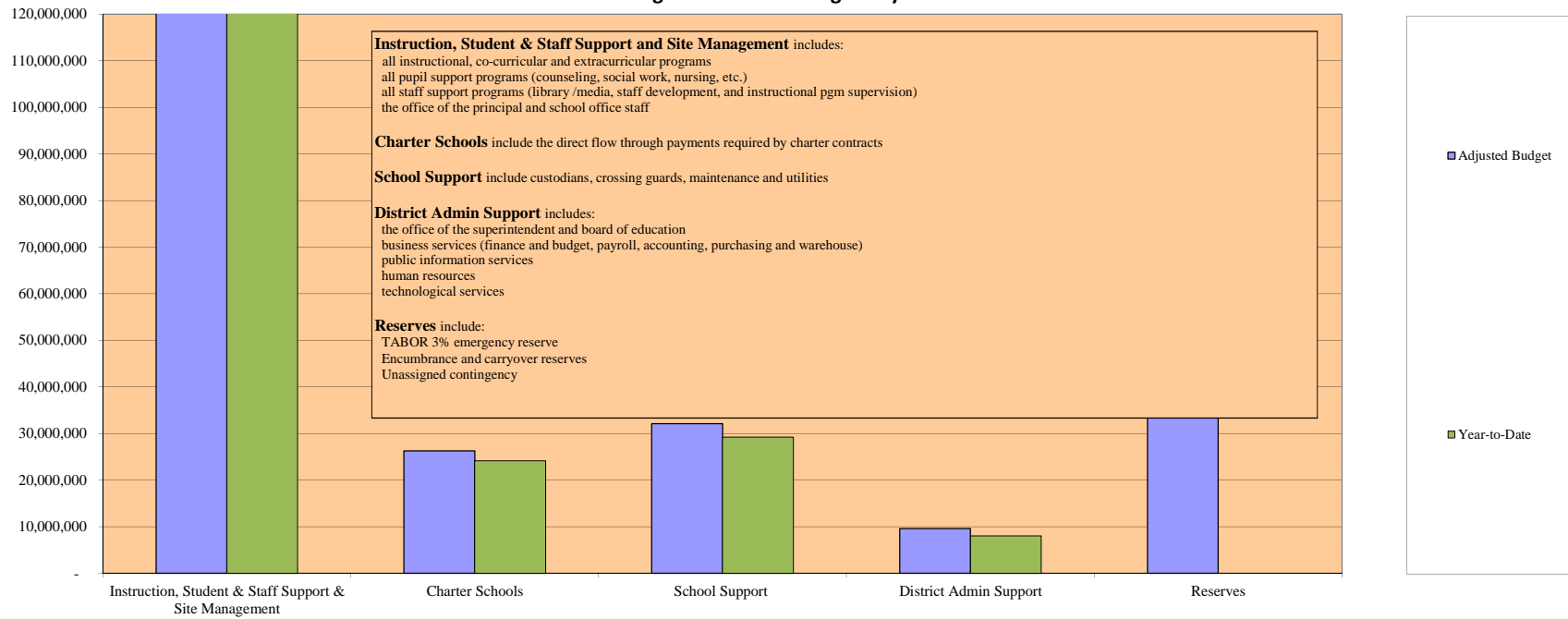
Compare YTD Revenues between FY2015 and FY2016



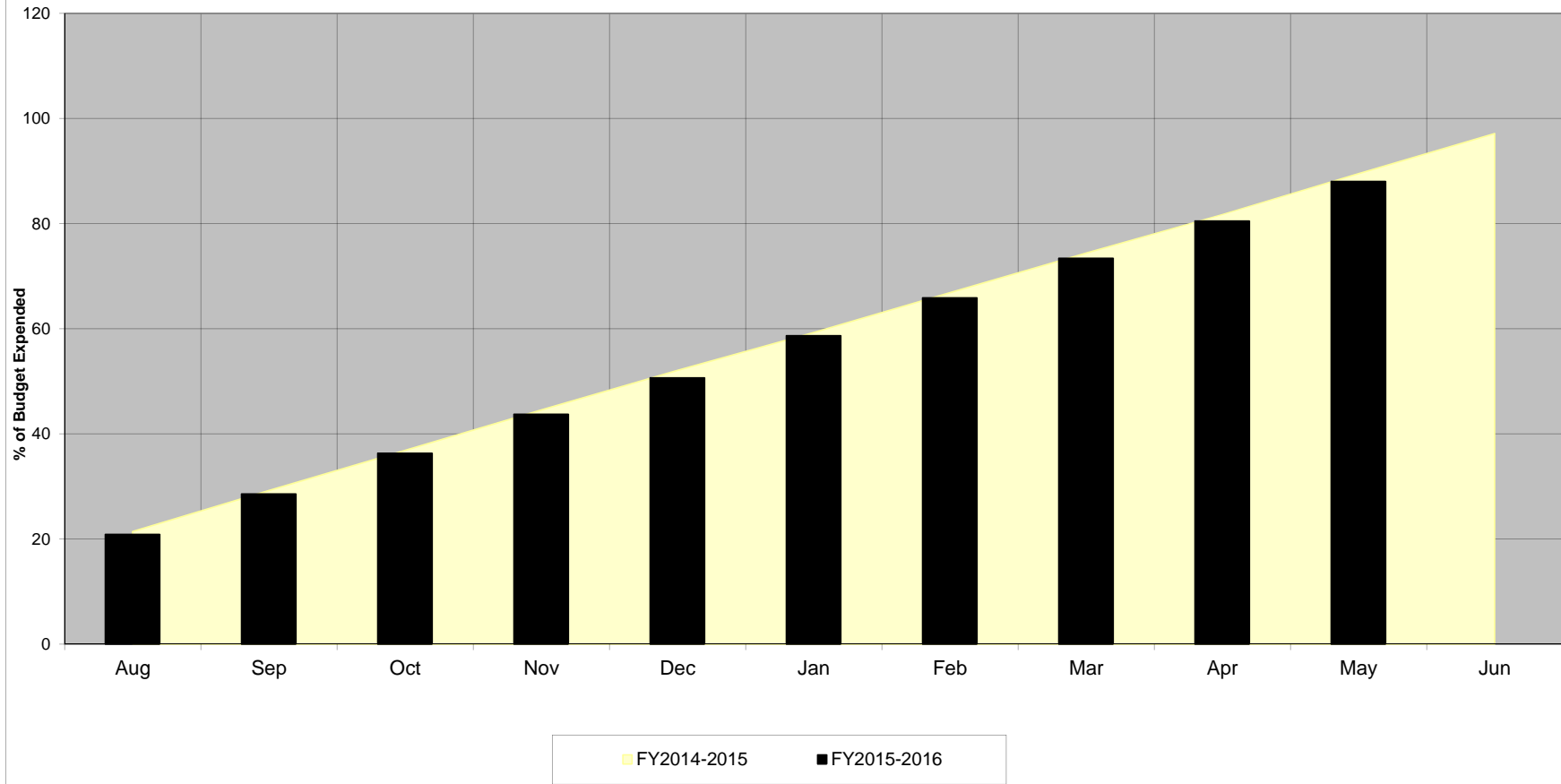
General Fund Total Expenditures Budget to Actual Comparison by Month and Year-to-Date - Unaudited



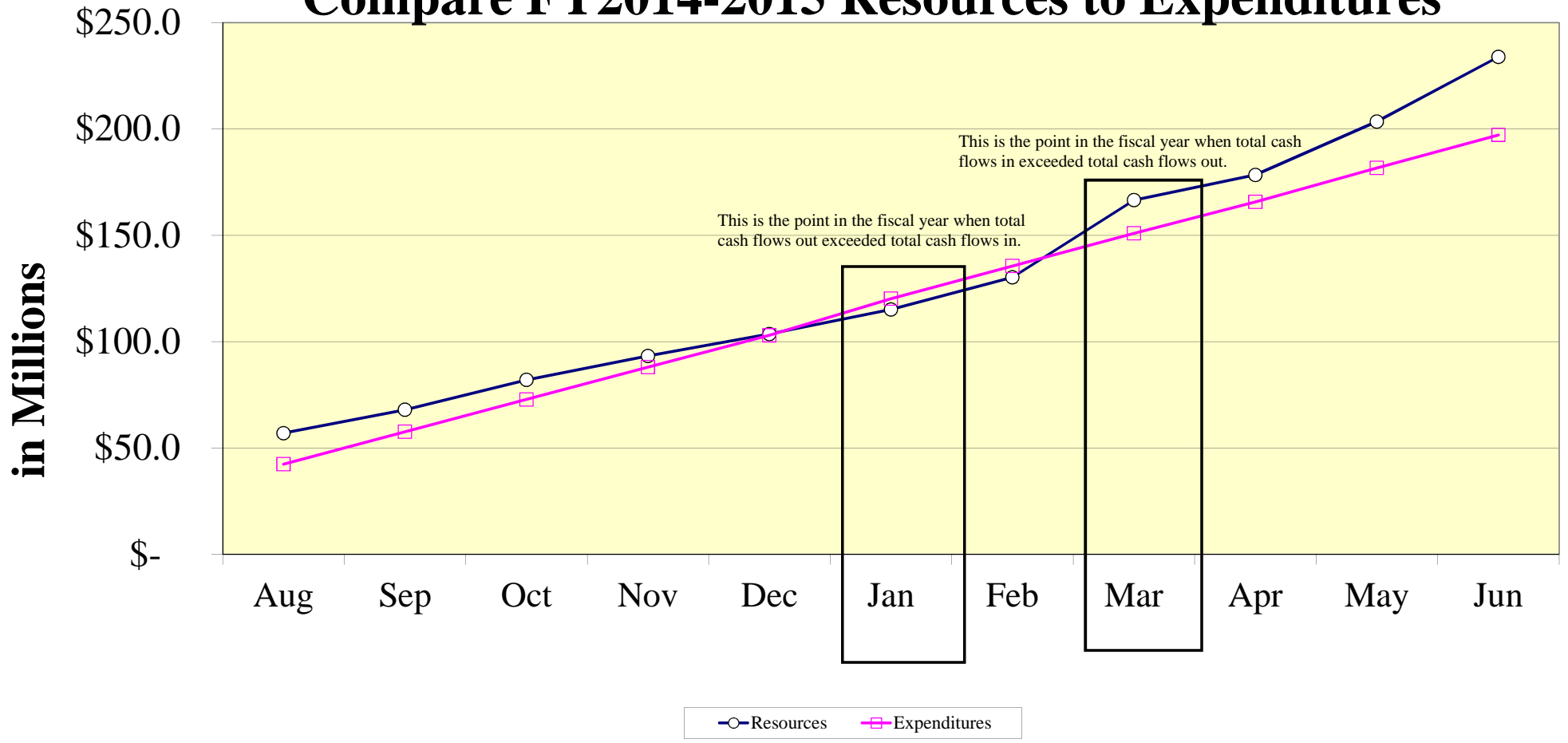
**General Fund Expenditures Budget To Actual by Major Program Category
Year-to-Date Budget to Actual through May 2016**



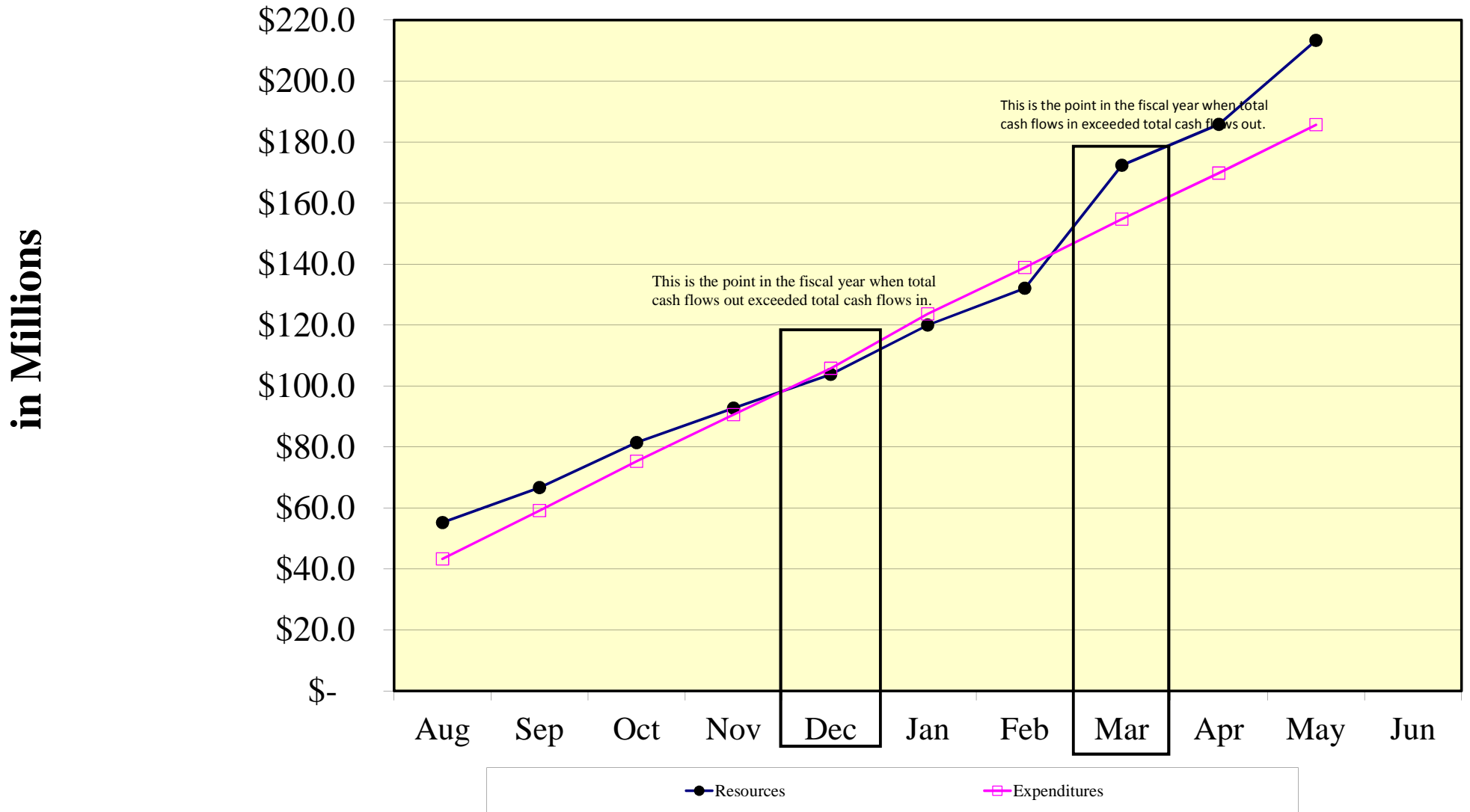
Compare YTD Expenditures between FY2015 and FY2016



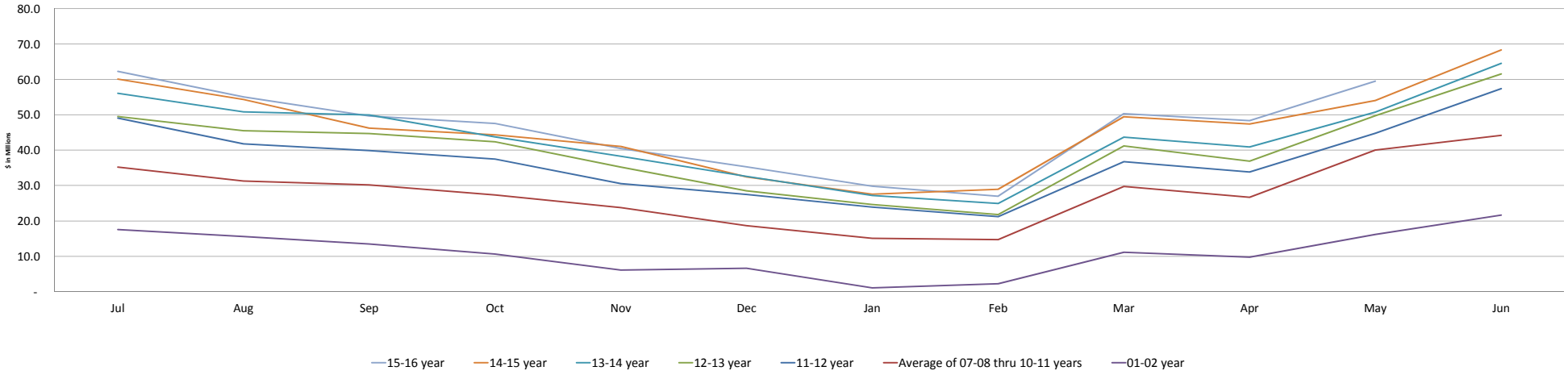
Compare FY2014-2015 Resources to Expenditures



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 May 2016
Percent of Year Completed - 91.67%

	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	\$56,107,429	72.94%	(\$20,812,665)	23.05%	\$74,042,899	\$53,180,565	(\$20,862,334)	22.69%
State Revenue	126,520,034	117,230,846	92.66%	(9,289,188)	48.17%	121,039,299	111,427,390	(9,611,909)	47.54%
Federal Revenue	<u>2,349,000</u>	<u>2,422,423</u>	103.13%	<u>73,423</u>	1.00%	<u>2,100,000</u>	<u>1,718,389</u>	<u>(381,611)</u>	<u>0.73%</u>
Total Revenue Budget	205,789,128	175,760,698	85.41%	(30,028,430)	72.21%	197,182,198	166,326,344	(30,855,854)	70.96%
Fund Balance & Transfers	<u>37,598,778</u>	<u>37,598,778</u>		<u>0</u>	15.45%	<u>37,208,467</u>	<u>37,208,467</u>	<u>0</u>	15.87%
Total Revenue & Fund Balance	<u>\$243,387,906</u>	<u>\$213,359,476</u>		<u>(\$30,028,430)</u>	87.66%	<u>\$234,390,665</u>	<u>\$203,534,811</u>	<u>(\$30,855,854)</u>	86.84%
Object and Job Class									
Administrators									
Salaries	\$11,275,815	\$10,103,180		\$1,172,635	89.60%	\$10,867,345	\$9,902,288	\$965,057	91.12%
Benefits	<u>2,773,860</u>	<u>2,416,458</u>		<u>357,402</u>	<u>87.12%</u>	<u>2,538,320</u>	<u>2,254,166</u>	<u>284,154</u>	<u>88.81%</u>
Subtotal	14,049,675	12,519,638		1,530,037	89.11%	13,405,665	12,156,454	1,249,211	90.68%
Teachers									
Salaries	81,881,213	72,473,884		9,407,329	88.51%	79,146,054	71,526,135	7,619,919	90.37%
Benefits	<u>20,939,876</u>	<u>18,894,608</u>		<u>2,045,268</u>	<u>90.23%</u>	<u>20,048,394</u>	<u>17,988,758</u>	<u>2,059,636</u>	<u>89.73%</u>
Subtotal	102,821,089	91,368,492		11,452,597	88.86%	99,194,448	89,514,893	9,679,555	90.24%
Non-teaching Professionals									
Salaries	1,984,957	1,865,563		119,394	93.99%	1,977,397	1,794,504	182,893	90.75%
Benefits	<u>530,716</u>	<u>483,809</u>		<u>46,907</u>	<u>91.16%</u>	<u>517,191</u>	<u>462,738</u>	<u>54,453</u>	<u>89.47%</u>
Subtotal	2,515,673	2,349,372		166,301	93.39%	2,494,588	2,257,242	237,346	90.49%
Paraprofessionals									
Salaries	6,521,768	5,557,983		963,785	85.22%	5,958,725	5,291,507	667,218	88.80%
Benefits	<u>2,323,851</u>	<u>1,787,895</u>		<u>535,956</u>	<u>76.94%</u>	<u>1,900,355</u>	<u>1,678,168</u>	<u>222,187</u>	<u>88.31%</u>
Subtotal	8,845,619	7,345,878		1,499,741	83.05%	7,859,080	6,969,675	889,405	88.68%
Office & Admin Support									
Salaries	6,483,395	5,853,151		630,244	90.28%	6,337,185	5,813,481	523,704	91.74%
Benefits	<u>2,043,529</u>	<u>1,702,600</u>		<u>340,929</u>	<u>83.32%</u>	<u>1,837,991</u>	<u>1,618,108</u>	<u>219,883</u>	<u>88.04%</u>
Subtotal	8,526,924	7,555,751		971,173	88.61%	8,175,176	7,431,589	743,587	90.90%
Skilled Trades									
Salaries	6,419,887	5,886,720		533,167	91.70%	6,426,238	5,803,444	622,794	90.31%
Benefits	<u>2,352,766</u>	<u>1,729,291</u>		<u>623,475</u>	<u>73.50%</u>	<u>1,859,056</u>	<u>1,654,918</u>	<u>204,138</u>	<u>89.02%</u>
Subtotal	8,772,653	7,616,011		1,156,642	86.82%	8,285,294	7,458,362	826,932	90.02%
Total Salaries & Benefits									
Salaries	114,567,035	101,740,481		12,826,554	88.80%	110,712,944	100,131,359	10,581,585	90.44%
Benefits	<u>30,964,598</u>	<u>27,014,661</u>		<u>3,949,937</u>	<u>87.24%</u>	<u>28,701,307</u>	<u>25,656,856</u>	<u>3,044,451</u>	<u>89.39%</u>
Subtotal	145,531,633	128,755,142		16,776,491	88.47%	139,414,251	125,788,215	13,626,036	90.23%

General Fund
Operating Summary by Object
Year to Date through May 2016
Percent of Year Completed - 91.67%

	Adjusted Budget	Actual	Variance		FY2015 Final Budget	FY2015 Actual	Variance		
			% of Actual Revenue to Adjusted Budget	Adjusted Budget to Actual			Adjusted Budget to Actual	% of Budget	
Non-Salaries									
Purchased Professional & Technical	2,513,668	2,484,561		29,107	98.84%	2,416,258	2,187,192	229,066	90.52%
Purchased Property Services	3,900,094	2,935,538		964,556	75.27%	3,780,569	2,996,335	784,234	79.26%
Other Purchased Services	<u>6,830,747</u>	<u>5,498,804</u>		<u>1,331,943</u>	<u>80.50%</u>	<u>6,869,587</u>	<u>5,246,386</u>	<u>1,623,201</u>	<u>76.37%</u>
Subtotal	13,244,509	10,918,903		2,325,606	82.44%	13,066,414	10,429,913	2,636,501	79.82%
Supplies	11,026,142	7,022,470		4,003,672	63.69%	10,628,837	7,762,755	2,866,082	73.03%
Equipment	433,204	483,253		-50,049	111.55%	437,767	409,204	28,563	93.48%
Other Expenses	<u>652,078</u>	<u>567,660</u>		<u>84,418</u>	<u>87.05%</u>	<u>532,469</u>	<u>464,334</u>	<u>68,135</u>	<u>87.20%</u>
Subtotal	<u>12,111,424</u>	<u>8,073,383</u>		<u>4,038,041</u>	<u>66.66%</u>	<u>11,599,073</u>	<u>8,636,293</u>	<u>2,962,780</u>	<u>74.46%</u>
Subtotal Expenditure Accounts	170,887,566	147,747,428		23,140,138	86.46%	164,079,738	144,854,421	19,225,317	88.28%
Transfer - Charter Schools	26,299,696	24,179,331		2,120,365	91.94%	25,523,578	23,396,615	2,126,963	91.67%
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	<u>4,848,490</u>	<u>4,848,490</u>		<u>0</u>	<u>100.00%</u>	<u>5,058,490</u>	<u>5,058,490</u>	<u>0</u>	<u>100.00%</u>
Subtotal	<u>40,040,348</u>	<u>37,919,983</u>		<u>2,120,365</u>	<u>94.70%</u>	<u>38,924,728</u>	<u>36,797,765</u>	<u>2,126,963</u>	<u>94.54%</u>
Total Expenditure Accounts & Transfers/Allocations	210,927,914	185,667,411		25,260,503	88.02%	203,004,466	181,652,186	21,352,280	89.48%
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	<u>22,281,384</u>	<u>0</u>		<u>22,281,384</u>	<u>0.00%</u>	<u>21,815,725</u>	<u>0</u>	<u>21,815,725</u>	<u>0.00%</u>
Subtotal	<u>32,459,992</u>	<u>0</u>		<u>32,459,992</u>	<u>0.00%</u>	<u>31,386,199</u>	<u>0</u>	<u>31,386,199</u>	<u>0.00%</u>
Total Appropriated Budget	<u>\$243,387,906</u>	<u>\$185,667,411</u>		<u>\$57,720,495</u>	<u>76.28%</u>	<u>\$234,390,665</u>	<u>\$181,652,186</u>	<u>\$52,738,479</u>	<u>77.50%</u>
Total Resources Over (Under)									
Total Expenditures		<u>\$27,692,065</u>					<u>\$21,882,625</u>		