

ACADEMY 20 BOARD OF EDUCATION
June 21, 2018

Subject: Monthly Financial Report through May 2018

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: June 12, 2018

MEMORANDUM

TO: Dr. Mark Hatchell, Superintendent
Board of Education

FROM: Tom Gregory, Deputy Superintendent/CFO

DATE: June 12, 2018

SUBJECT: May Financial Report

REVENUES

Graph #1 and Table #1 show that through May we have collected about 70.7% 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 70.5%. 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 FY2017. It is in these months that the majority of property taxes are paid to the district. Collections for FY2018 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 (91.7%), 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) 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 2016-2017 salary schedule and will require an accrual for July and August 2018, so their salaries are low as a percentage of budget spent,
- 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) 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 (88.4%) are comparable to last year (88.7%). 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 FY2017 was virtually a straight line. The trend for FY2018 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 FY2017-2018 revenues and expenditures to FY2016-2017. Budget information presented for FY2016-2017 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 2017. The main reasons were due to the property taxes not collected until the spring 2017 and that the full transfers are made to the CRCP, Transportation and Technology Funds in July 2016. It is important to note that in March 2017, 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 resources (revenues received plus fund balance) 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 sixteen fiscal years were such that we did not borrow funds from any external source. On June 15, 2017 the Board passed interfund borrowing resolution 177-17 for fiscal year 2017-2018. 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.

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 has been set as required by the June 30, 2017 audited fund balance. The TABOR balance was updated in November, after the audited financial statements were complete.

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. The bank will also transfer amounts for the June 2018 payments as required.

3rd, 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). Building Fund expenditure detail is presented separately each month.

Investments	May-18	Apr-18	Mar-18	Feb-18	Jan-18
General Fund Account					
Colostrust	68,972,632	59,934,827	64,808,418	41,021,100	41,033,847
Total General Fund	68,972,632	59,934,827	64,808,418	41,021,100	41,033,847
TABOR Account					
Colostrust	5,626,000	5,626,000	5,626,000	5,626,000	5,626,000
Total TABOR	5,626,000	5,626,000	5,626,000	5,626,000	5,626,000
Bond Redemption Account					
Wells Fargo - Colostrust	22,868,604	17,685,975	17,276,817	7,534,905	6,346,051
Total Bond Redemption	22,868,604	17,685,975	17,276,817	7,534,905	6,346,051
Building Fund Accounts					
Colostrust (proceeds)	138,346,006	142,347,721	146,146,862	152,995,639	157,701,269
Colostrust (interest)	2,989,090	2,738,918	2,502,936	2,276,066	2,083,384
Total Building Fund	141,335,096	145,086,639	148,649,798	155,271,705	159,784,653
Total Investments	\$238,802,332	\$228,333,441	\$236,361,033	\$209,453,710	\$212,790,551

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.

May 2018

General Fund

Financial Report

May 2018

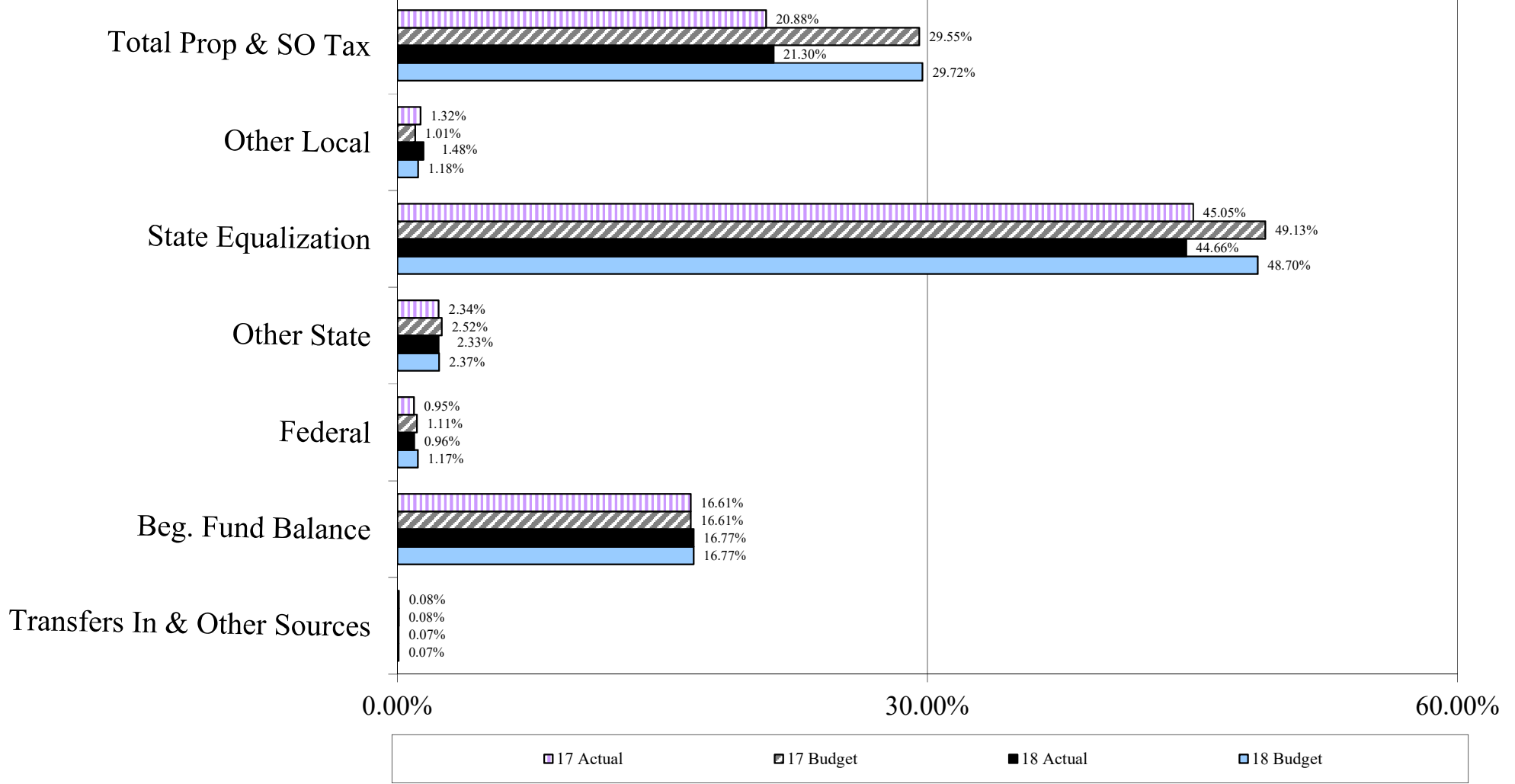
General Fund

Financial Report

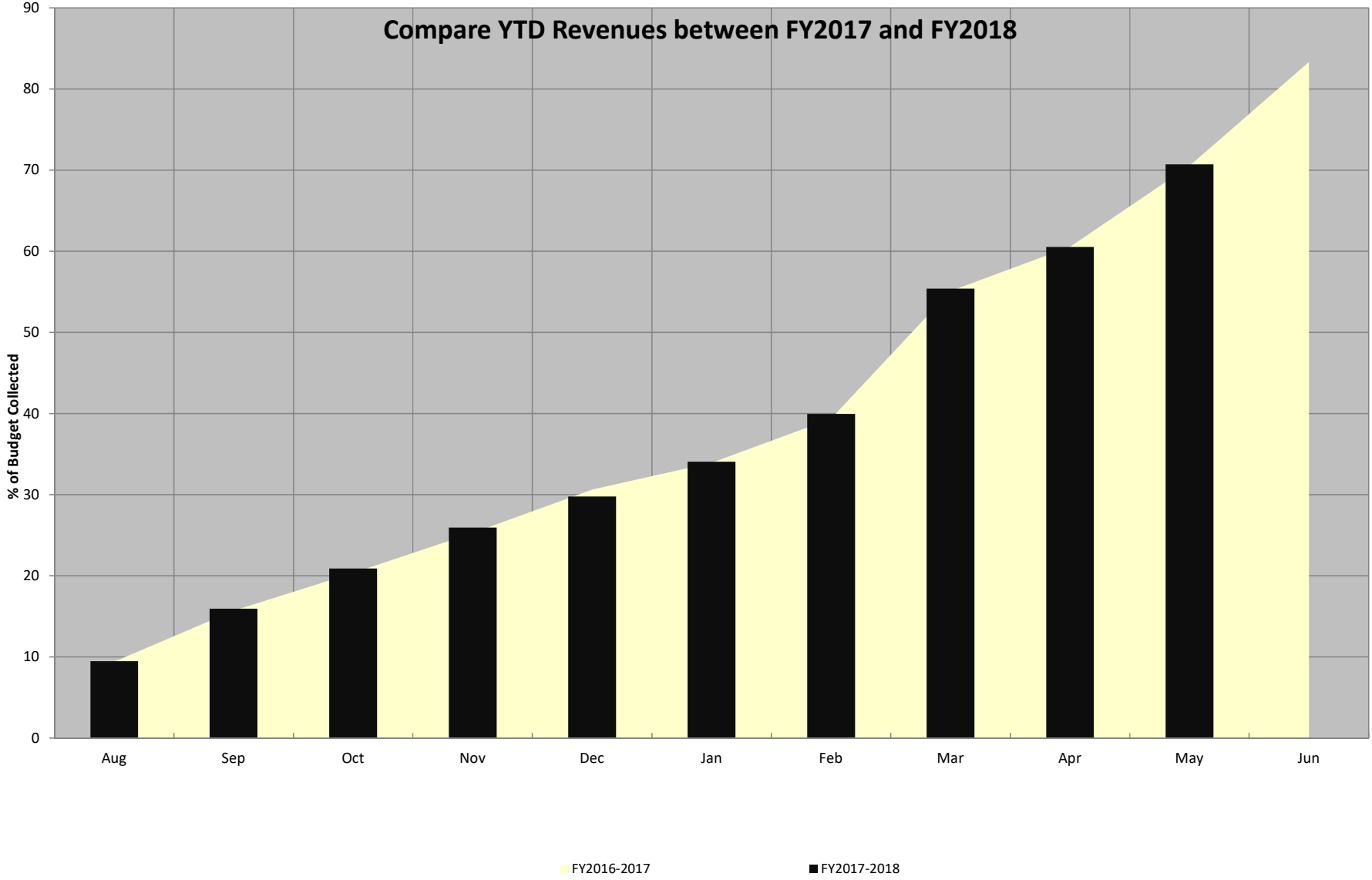
General Fund Major Revenue Categories

Year-to-Date Budget to Actual through May 2018

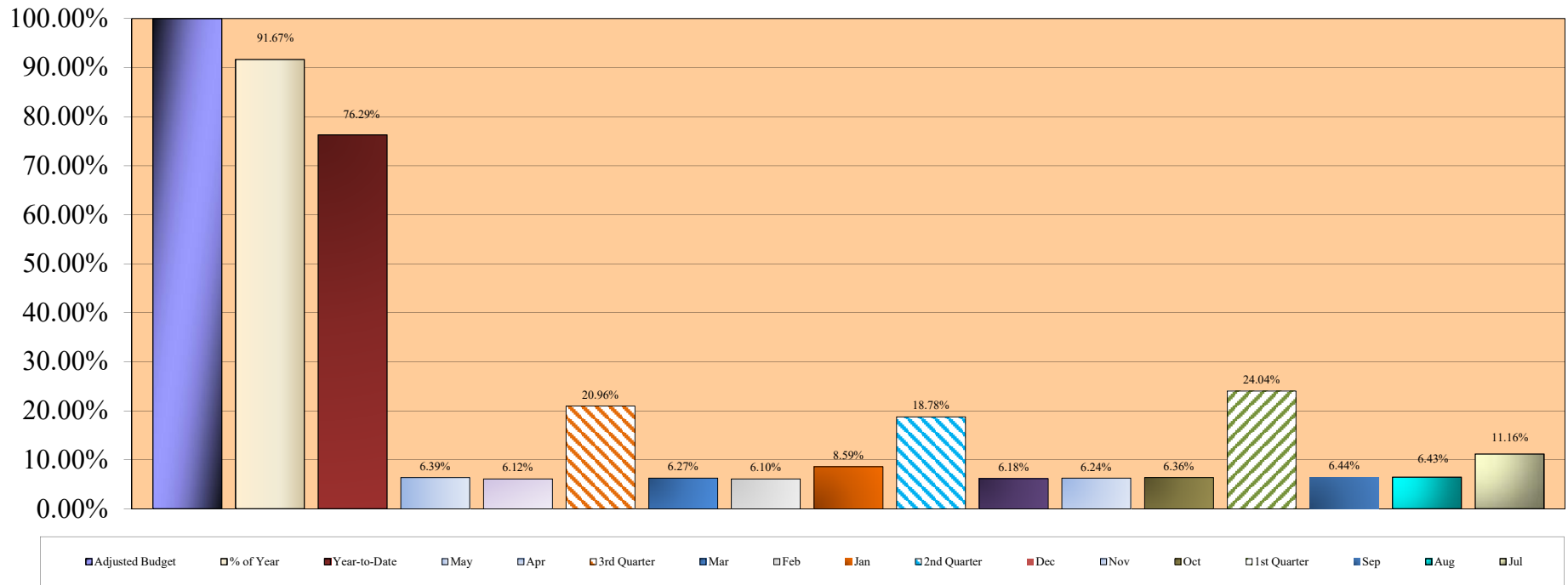
Compared to Year-to-Date Budget to Actual through May 2017



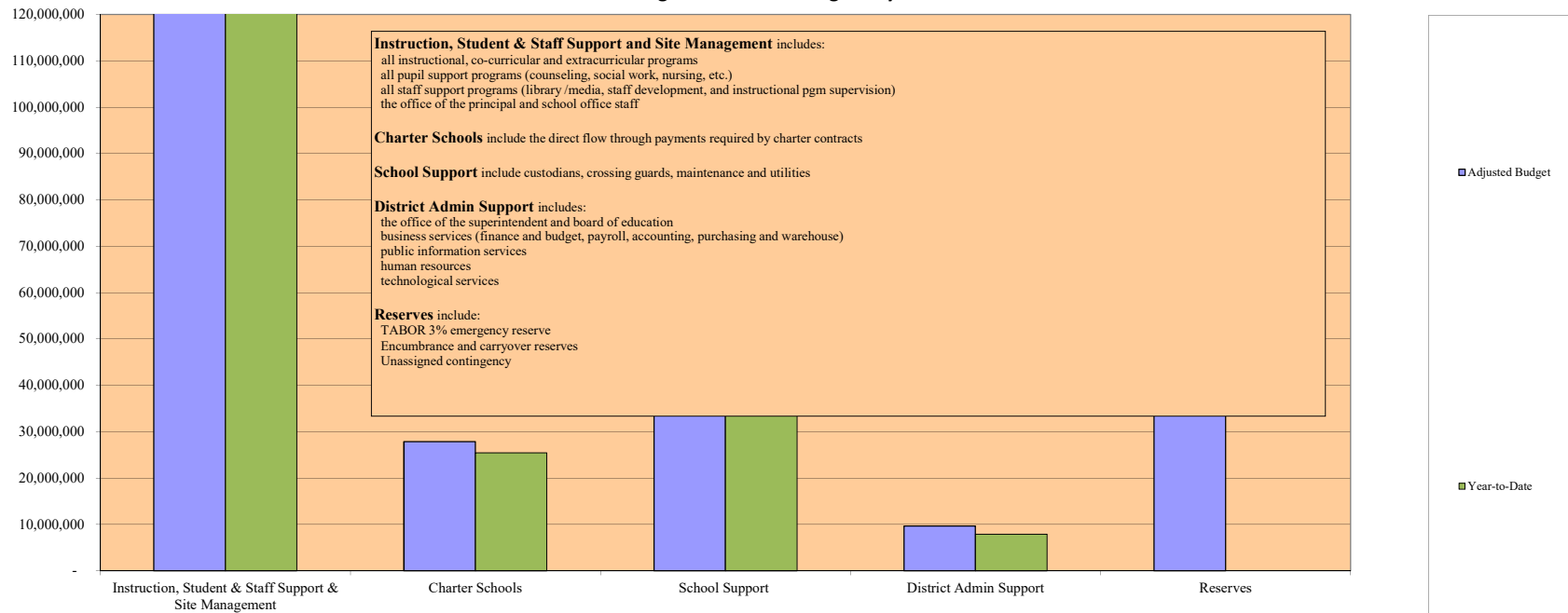
Compare YTD Revenues between FY2017 and FY2018

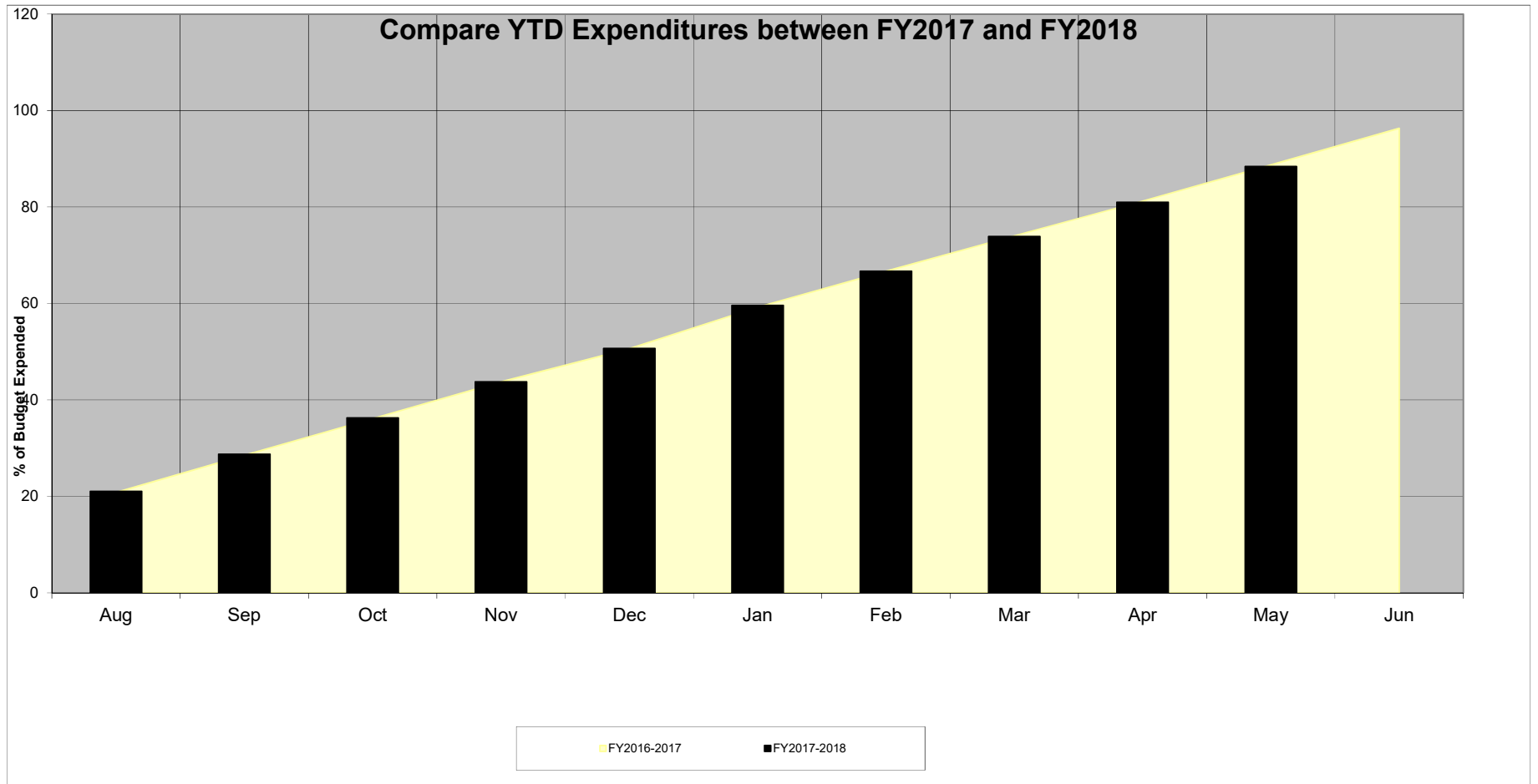


General Fund Total Expenditures Budget to Actual Comparison by Month and Year-to-Date - Unaudited

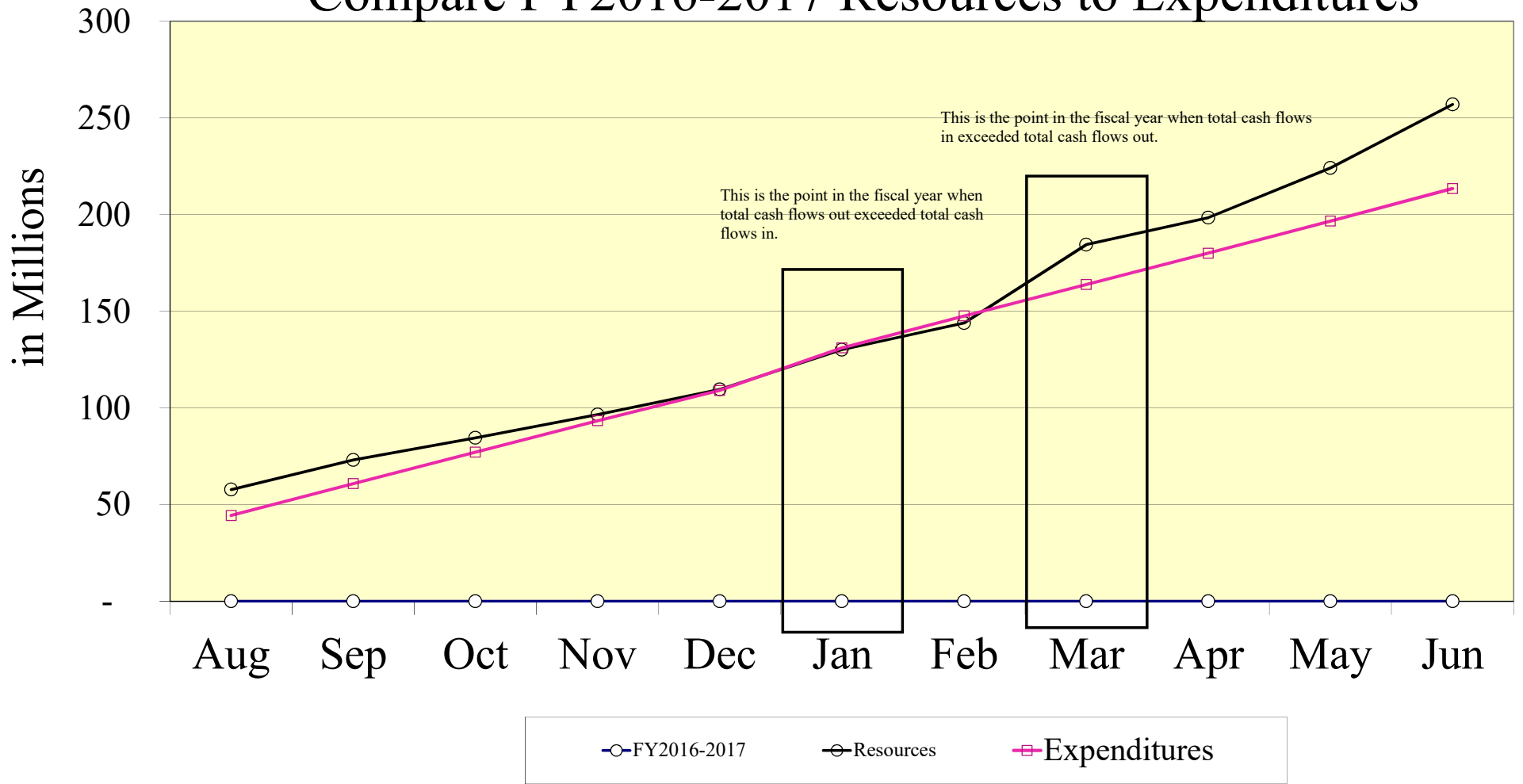


**General Fund Expenditures Budget To Actual by Major Program Category
Year-to-Date Budget to Actual through May 2018**

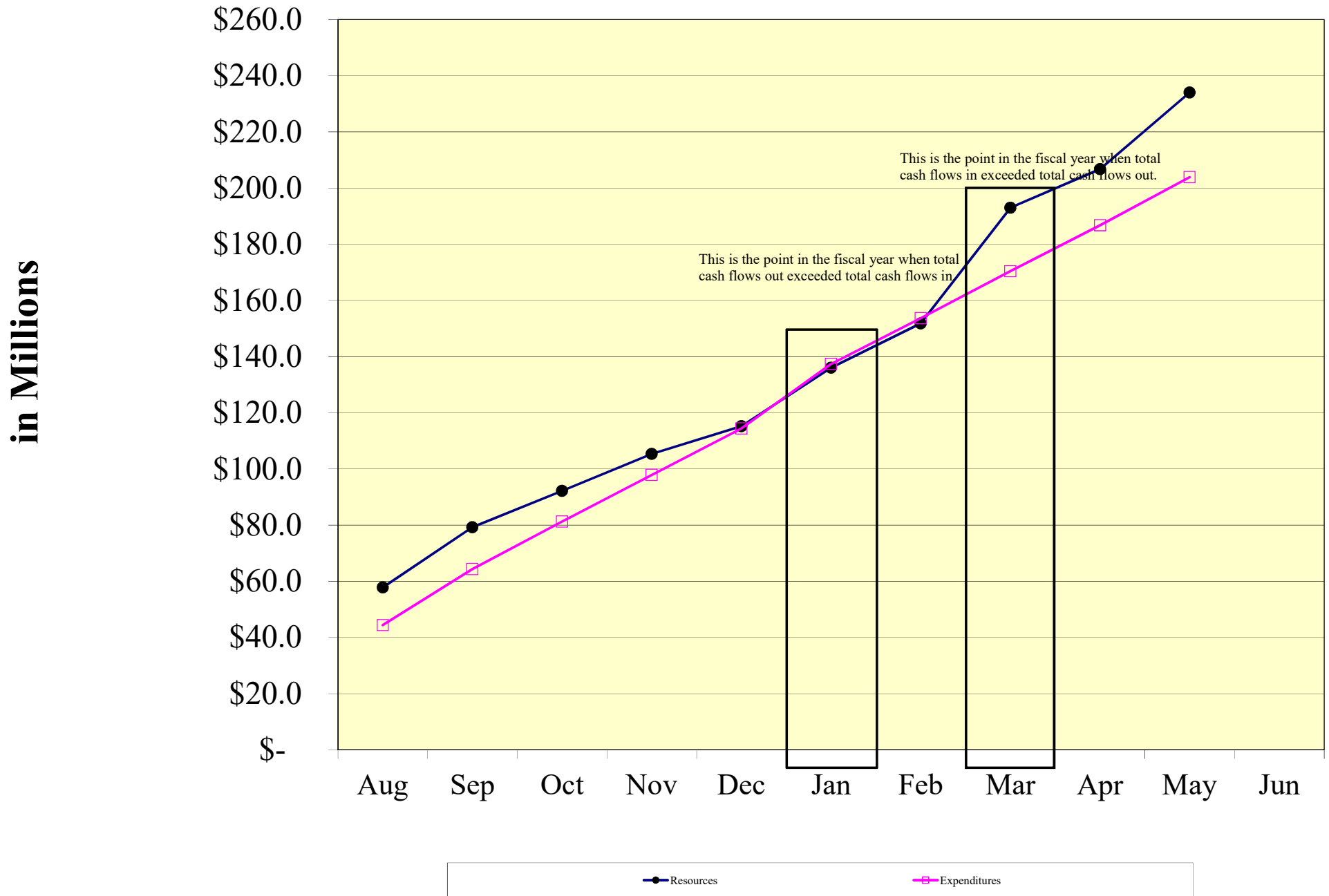




Compare FY2016-2017 Resources to Expenditures

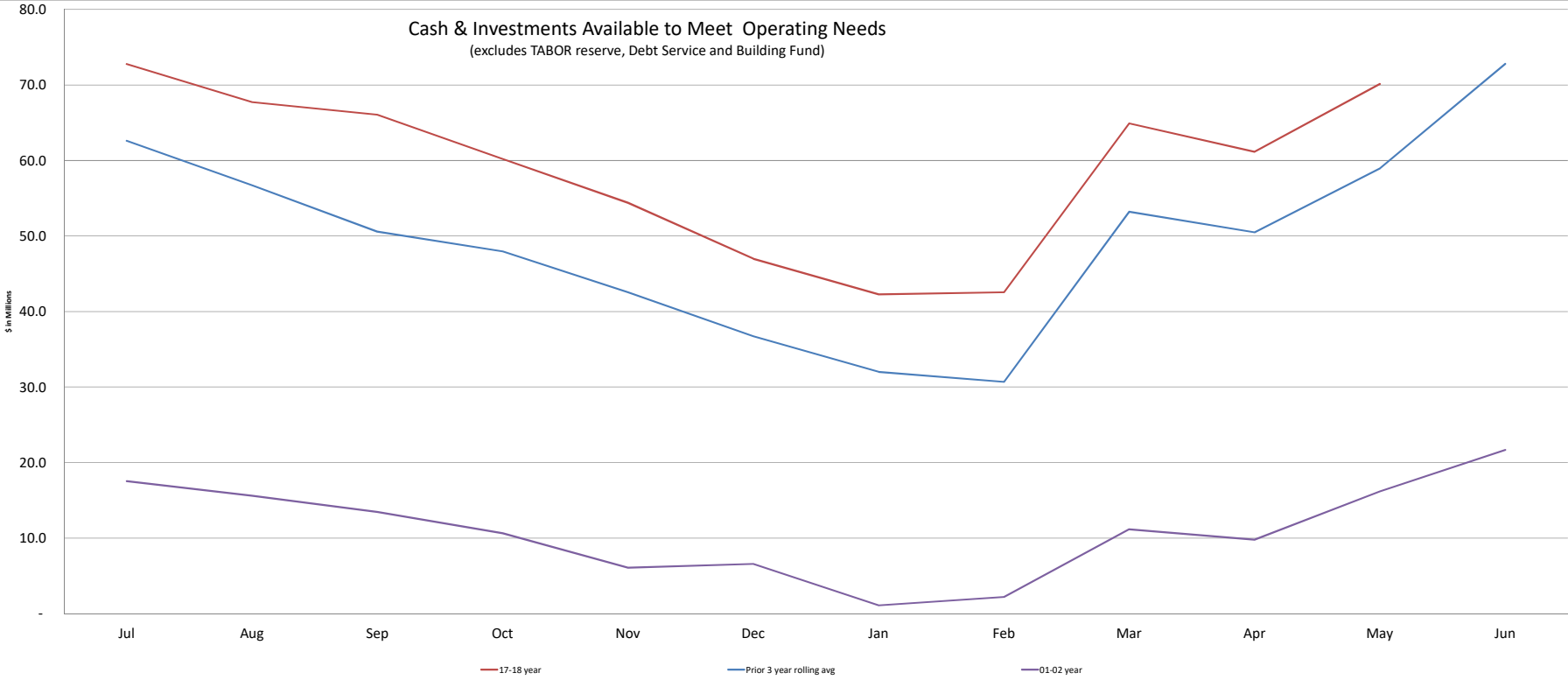


Compare FY 2017-2018 Resources to Expenditures



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 May 2018
Percent of Year Completed - 91.67%

	Adjusted Budget	Actual	% of Actual Revenue to Adjusted Budget	Variance Adjusted Budget to Actual		FY2017 Budget	Final	FY2017 Actual	Variance Adjusted Budget to Actual		FY2016 % of Budget
					% of Budget						
Local Revenue	\$82,595,190	\$60,885,090	73.72%	(\$21,710,100)	22.78%	\$78,505,546		\$57,038,511	(\$21,467,035)	22.20%	
State Revenue	136,480,701	125,566,816	92.00%	(10,913,885)	46.99%	132,715,328		121,763,041	(10,952,287)	47.39%	
Federal Revenue	3,130,000	2,569,439	82.09%	(560,561)	0.96%	2,850,000		2,440,899	(409,101)	0.95%	
Total Revenue Budget	222,205,891	189,021,345	85.07%	(33,184,546)	70.73%	214,070,874		181,242,451	(32,828,423)	70.54%	
Fund Balance & Transfers	45,022,304	45,022,304		0	16.85%	42,864,125		42,864,125	0	16.68%	
Total Revenue & Fund Balance	\$267,228,195	\$234,043,649		(\$33,184,546)	87.58%	\$256,934,999		\$224,106,576	(\$32,828,423)	87.22%	
Object and Job Class											
Administrators											
Salaries	\$12,262,390	\$11,119,151		\$1,143,239	90.68%	\$11,550,220		\$10,505,536	\$1,044,684	90.96%	
Benefits	3,049,070	2,746,988		302,082	90.09%	2,879,690		2,578,505	301,185	89.54%	
Subtotal	15,311,460	13,866,139		1,445,321	90.56%	14,429,910		13,084,041	1,345,869	90.67%	
Teachers											
Salaries	86,080,118	75,899,026		10,181,092	88.17%	82,869,907		73,972,086	8,897,821	89.26%	
Benefits	22,878,008	20,680,760		2,197,248	90.40%	22,329,902		19,637,150	2,692,752	87.94%	
Subtotal	108,958,126	96,579,786		12,378,340	88.64%	105,199,809		93,609,236	11,590,573	88.98%	
Non-teaching Professionals											
Salaries	1,964,687	1,843,101		121,586	93.81%	2,078,302		1,904,470	173,832	91.64%	
Benefits	506,684	520,442		-13,758	102.72%	608,211		511,925	96,286	84.17%	
Subtotal	2,471,371	2,363,543		107,828	95.64%	2,686,513		2,416,395	270,118	89.95%	
Paraprofessionals											
Salaries	7,302,510	6,186,590		1,115,920	84.72%	6,885,973		5,851,282	1,034,691	84.97%	
Benefits	2,285,760	2,071,275		214,485	90.62%	2,487,135		1,909,247	577,888	76.76%	
Subtotal	9,588,270	8,257,865		1,330,405	86.12%	9,373,108		7,760,529	1,612,579	82.80%	
Office & Admin Support											
Salaries	6,821,693	5,973,411		848,282	87.56%	6,601,683		5,850,161	751,522	88.62%	
Benefits	1,997,848	1,831,254		166,594	91.66%	2,070,368		1,737,346	333,022	83.91%	
Subtotal	8,819,541	7,804,665		1,014,876	88.49%	8,672,051		7,587,507	1,084,544	87.49%	
Skilled Trades											
Salaries	7,573,627	6,663,241		910,386	87.98%	6,602,499		5,936,968	665,531	89.92%	
Benefits	2,277,860	2,068,720		209,140	90.82%	2,098,650		1,773,894	324,756	84.53%	
Subtotal	9,851,487	8,731,961		1,119,526	88.64%	8,701,149		7,710,862	990,287	88.62%	
Total Salaries & Benefits											
Salaries	122,005,025	107,684,520		14,320,505	88.26%	116,588,584		104,020,503	12,568,081	89.22%	
Benefits	32,995,230	29,919,439		3,075,791	90.68%	32,473,956		28,148,067	4,325,889	86.68%	
Subtotal	155,000,255	137,603,959		17,396,296	88.78%	149,062,540		132,168,570	16,893,970	88.67%	

General Fund
Operating Summary by Object
Year to Date through May 2018
Percent of Year Completed - 91.67%

	Adjusted Budget	Actual	% of Actual Revenue to Adjusted Budget	Variance Adjusted Budget to Actual	% of Budget	FY2017 Budget	Final Actual	Variance Adjusted Budget to Actual	FY2016 % of Budget
Non-Salaries									
Purchased Professional & Technical Services	4,006,468	3,361,359		645,109	83.90%	2,815,937	3,262,844	-446,907	115.87%
Purchased Property Services	3,199,486	2,203,040		996,446	68.86%	4,100,860	2,908,162	1,192,698	70.92%
Other Purchased Services	<u>8,126,883</u>	<u>6,126,533</u>		<u>2,000,350</u>	<u>75.39%</u>	<u>7,667,297</u>	<u>6,255,698</u>	<u>1,411,599</u>	<u>81.59%</u>
Subtotal	15,332,837	11,690,932		3,641,905	76.25%	14,584,094	12,426,704	2,157,390	85.21%
Supplies	11,603,584	8,204,717		3,398,867	70.71%	11,370,331	7,763,708	3,606,623	68.28%
Equipment	544,689	545,046		-357	100.07%	673,314	661,646	11,668	98.27%
Other Expenses	<u>634,377</u>	<u>612,921</u>		<u>21,456</u>	<u>96.62%</u>	<u>555,554</u>	<u>484,361</u>	<u>71,193</u>	<u>87.19%</u>
Subtotal	<u>12,782,650</u>	<u>9,362,684</u>		<u>3,419,966</u>	<u>73.25%</u>	<u>12,599,199</u>	<u>8,909,715</u>	<u>3,689,484</u>	<u>70.72%</u>
Subtotal Expenditure Accounts	183,115,742	158,657,575		24,458,167	86.64%	176,245,833	153,504,989	22,740,844	87.10%
Transfer - Charter Schools	27,827,316	25,469,554		2,357,762	91.53%	27,132,214	24,852,960	2,279,254	91.60%
Transfer - CRCP Fund	8,579,244	8,579,244		0	100.00%	7,954,039	7,954,039	0	100.00%
Transfer - Transportation Fund	5,340,230	5,340,230		0	100.00%	5,106,180	5,106,180	0	100.00%
Transfer - Technology Fund	<u>5,812,604</u>	<u>5,812,604</u>		<u>0</u>	<u>100.00%</u>	<u>5,242,475</u>	<u>5,242,475</u>	<u>0</u>	<u>100.00%</u>
Subtotal	<u>47,559,394</u>	<u>45,201,632</u>		<u>2,357,762</u>	<u>95.04%</u>	<u>45,434,908</u>	<u>43,155,654</u>	<u>2,279,254</u>	<u>94.98%</u>
Total Expenditure Accounts & Transfers/Allocations	230,675,136	203,859,207		26,815,929	88.38%	221,680,741	196,660,643	25,020,098	88.71%
TABOR Reserve	5,626,000	0		5,626,000	0.00%	5,387,000	0	5,387,000	0.00%
Contingency & Other Reserves	5,463,609	0		5,463,609	0.00%	5,498,132	0	5,498,132	0.00%
Reserve for encumbrance & unanti	<u>25,463,450</u>	<u>0</u>		<u>25,463,450</u>	<u>0.00%</u>	<u>24,369,126</u>	<u>0</u>	<u>24,369,126</u>	<u>0.00%</u>
Subtotal	<u>36,553,059</u>	<u>0</u>		<u>36,553,059</u>	<u>0.00%</u>	<u>35,254,258</u>	<u>0</u>	<u>35,254,258</u>	<u>0.00%</u>
Total Appropriated Budget	<u>\$267,228,195</u>	<u>\$203,859,207</u>		<u>\$63,368,988</u>	<u>76.29%</u>	<u>\$256,934,999</u>	<u>\$196,660,643</u>	<u>\$60,274,356</u>	<u>76.54%</u>
Total Resources Over (Under)									
Total Expenditures		<u>\$30,184,442</u>					<u>\$27,445,933</u>		