

ACADEMY 20 BOARD OF EDUCATION  
December 14, 2017

**Subject:** Monthly Financial Report through November 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:** December 2, 2017



## MEMORANDUM

**TO:** Dr. Mark Hatchell, Superintendent  
Board of Education

**FROM:** Tom Gregory, Deputy Superintendent/CFO

**DATE:** December 2, 2017

**SUBJECT:** November Financial Report

## REVENUES

Graph #1 and Table #1 show that through November we have collected about 26.0% 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 24.1%. The variance in the year-over-year percentages is due mainly to the increases in state equalization and 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 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 5 months of the year complete (41.7%), spending, which includes total appropriation, is at 37.6%. 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 lower as a percentage of budget spent than the other job classifications
- 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) Many of the purchased services contracts are front-loaded with the entire 2017-2018 services billed and paid early in the year.
- 5) 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 (43.7%) seem high when compared to last year (42.1%), but Midyear modifications to Transfers skew this percentage. Prior year Transfers reflect a final budget compared to the actual amount from the adopted budget, which skews the percentage total downward. 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.

## **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,

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 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.

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, 2017 audited fund balance. The TABOR balance was updated in November, after the audited financial statements were complete.

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 will transfer \$20,196,688, the required amounts for December principal and interest payments, to our bond paying agents. The current account balance of \$26,507,274 is sufficient to provide the amount necessary for the December 2017 payments.

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). Building Fund expenditure detail is presented separately each month.

<b>Investments</b>	<b>Nov-17</b>	<b>Oct-17</b>	<b>Sep-17</b>	<b>Aug-17</b>	<b>Jul-17</b>
<b>General Fund Account</b>					
Colostrust	53,554,998	57,047,610	60,877,006	66,736,563	71,624,357
<b>Total General Fund</b>	53,554,998	57,047,610	60,877,006	66,736,563	71,624,357
<b>TABOR Account</b>					
Colostrust	5,626,000	5,387,000	5,387,000	5,387,000	5,387,000
<b>Total TABOR</b>	5,626,000	5,387,000	5,387,000	5,387,000	5,387,000
<b>Bond Redemption Account</b>					
Wells Fargo - Colostrust	26,507,274	26,385,240	26,348,752	26,239,256	26,059,223
<b>Total Bond Redemption</b>	26,507,274	26,385,240	26,348,752	26,239,256	26,059,223
<b>Building Fund Accounts</b>					
Colostrust (proceeds)	164,932,479	169,560,978	172,299,788	174,360,290	178,760,290
Colostrust (interest)	1,685,558	1,506,499	1,321,666	1,144,193	963,602
<b>Total Building Fund</b>	166,618,037	171,067,477	173,621,454	175,504,483	179,723,892
<b>Total Investments</b>	<b>\$252,306,309</b>	<b>\$259,887,327</b>	<b>\$266,234,212</b>	<b>\$273,867,302</b>	<b>\$282,794,472</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.

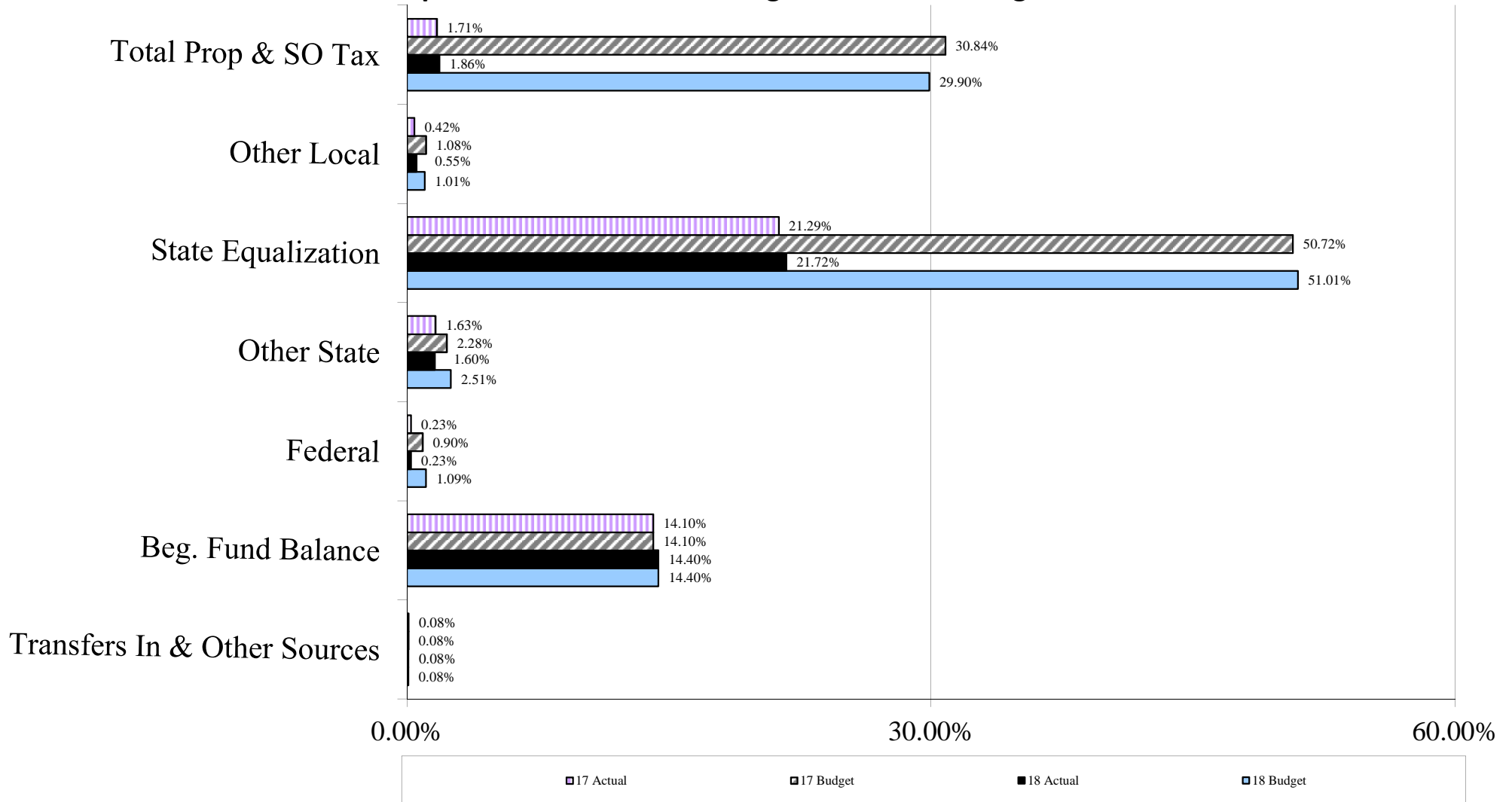
**November 2017**

**General Fund**

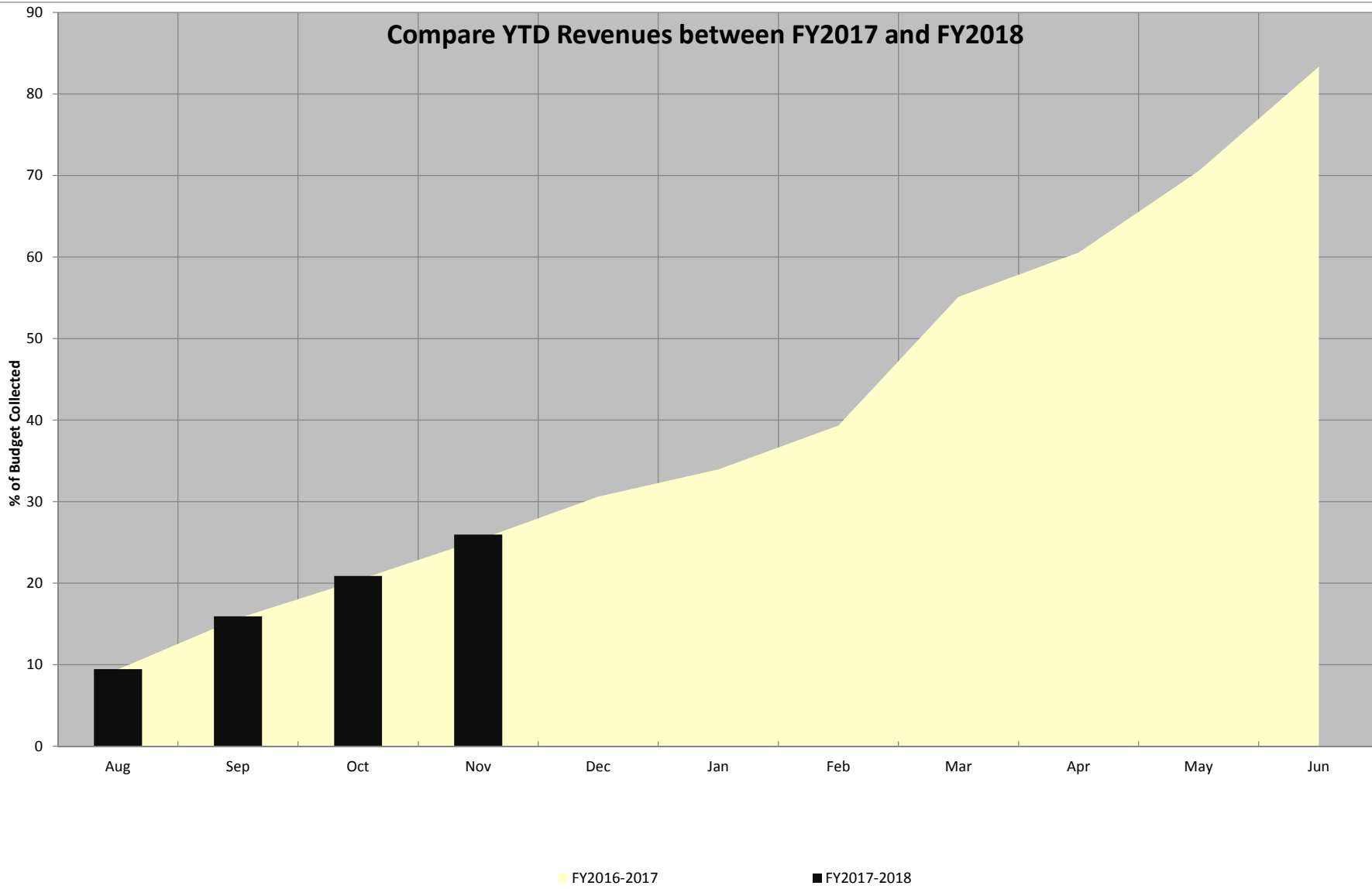
**Financial Report**

## General Fund Major Revenue Categories

### Year-to-Date Budget to Actual through November 2017 Compared to Year-to-Date Budget to Actual through November 2016

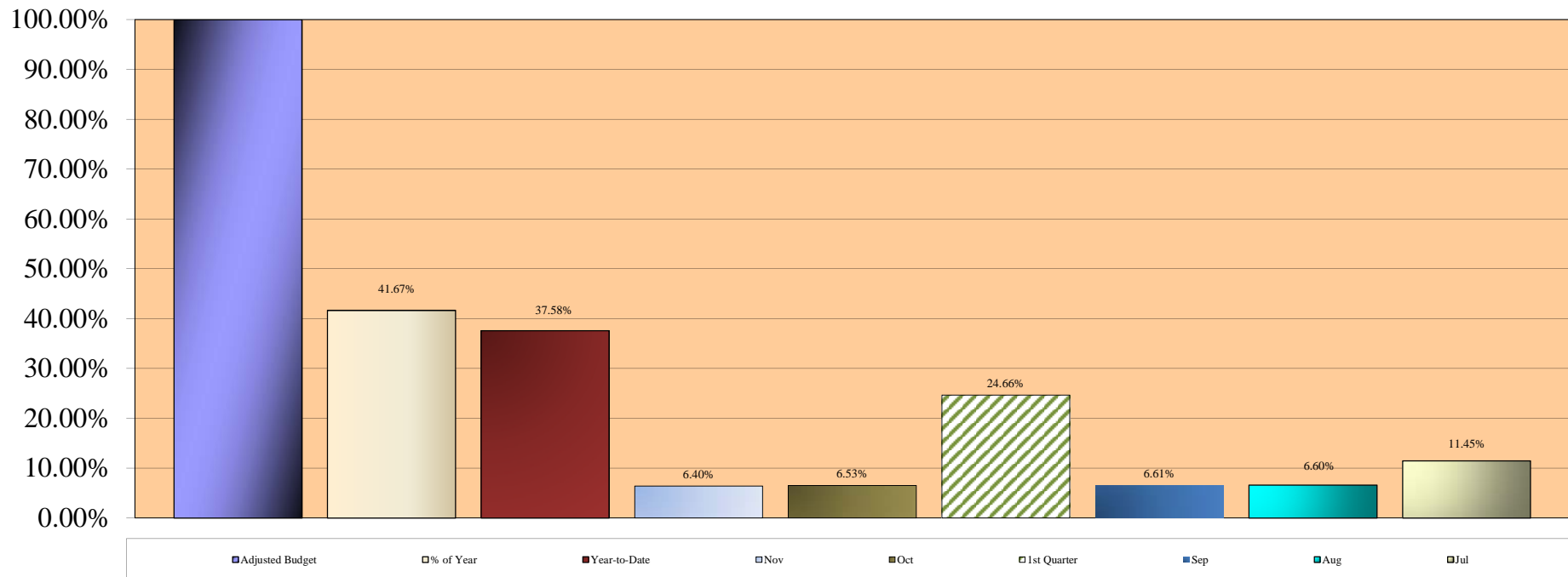


### Compare YTD Revenues between FY2017 and FY2018

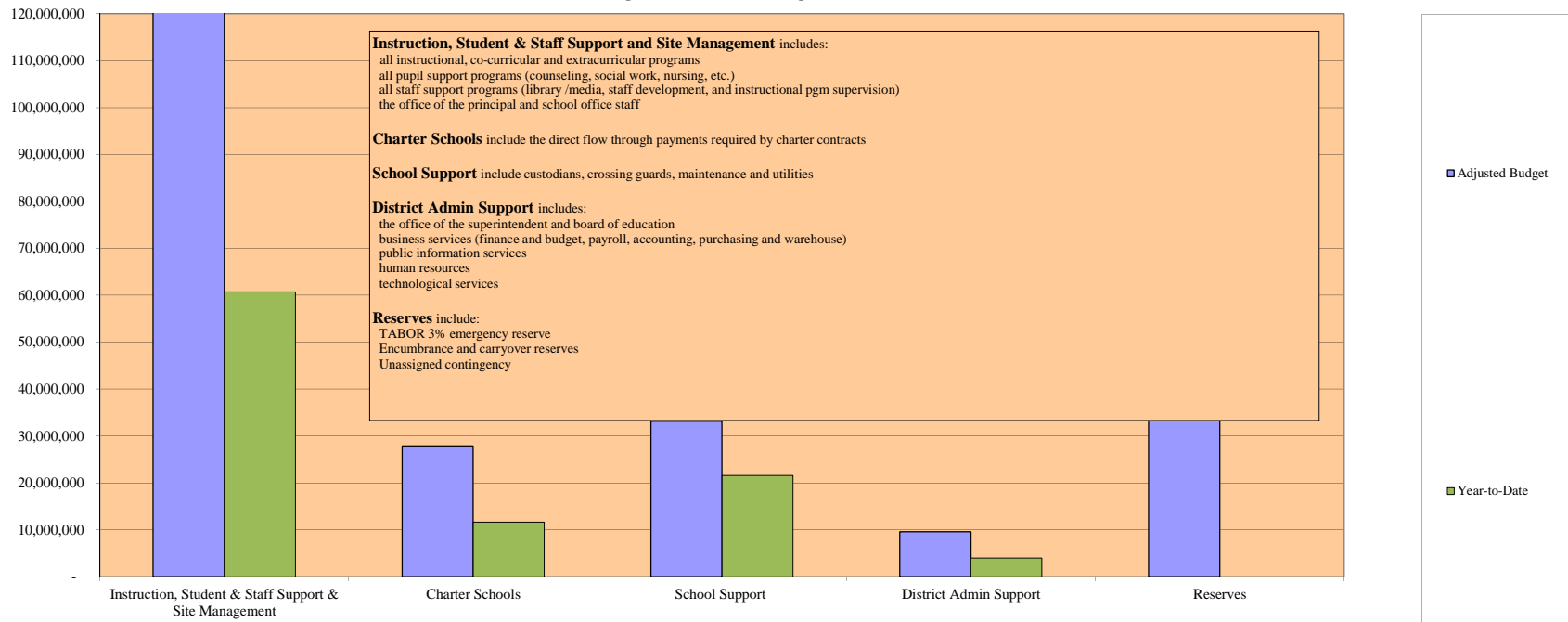




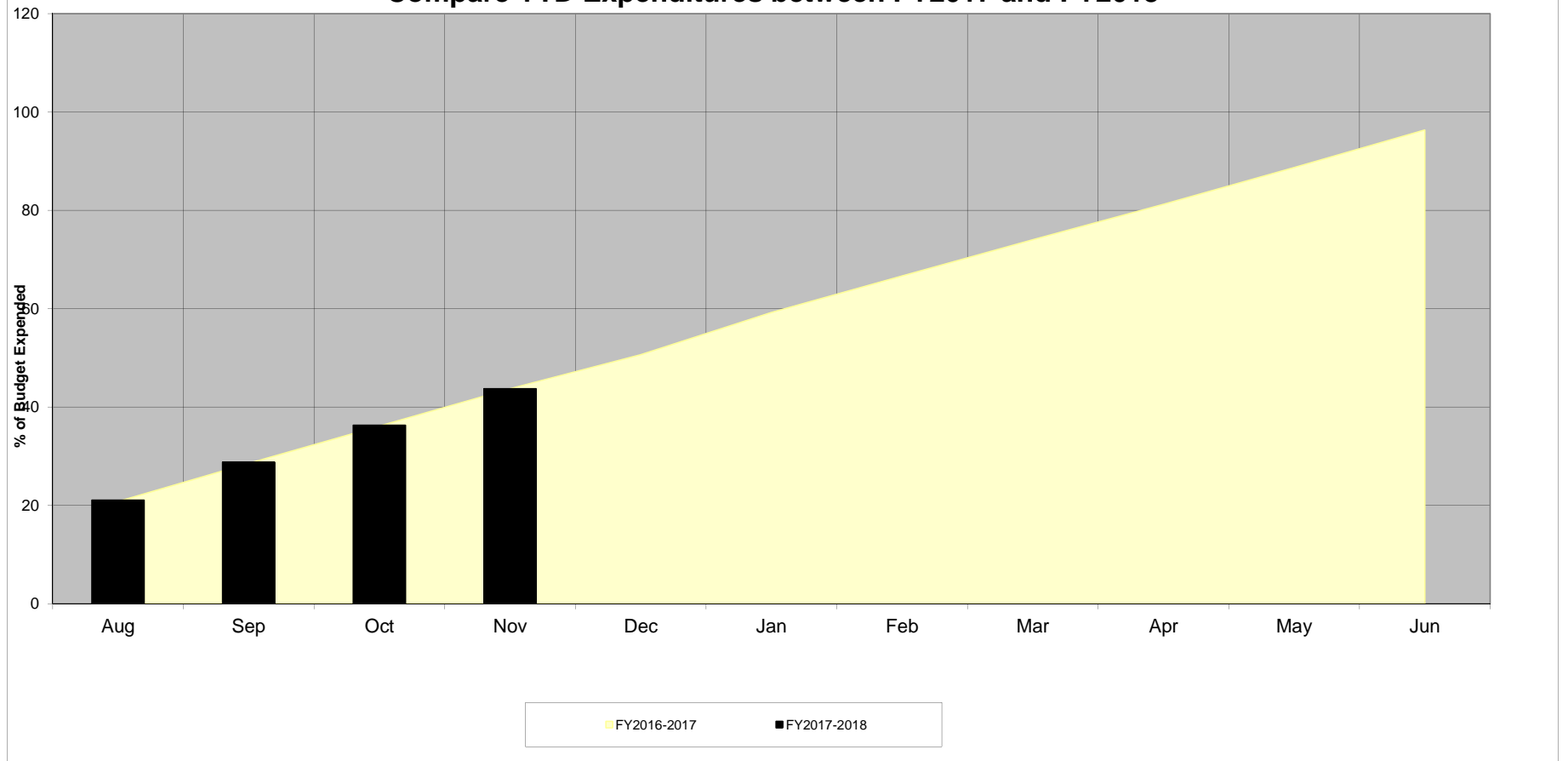
### General Fund Total Expenditures Budget to Actual Comparison by Month and Year-to-Date - Unaudited



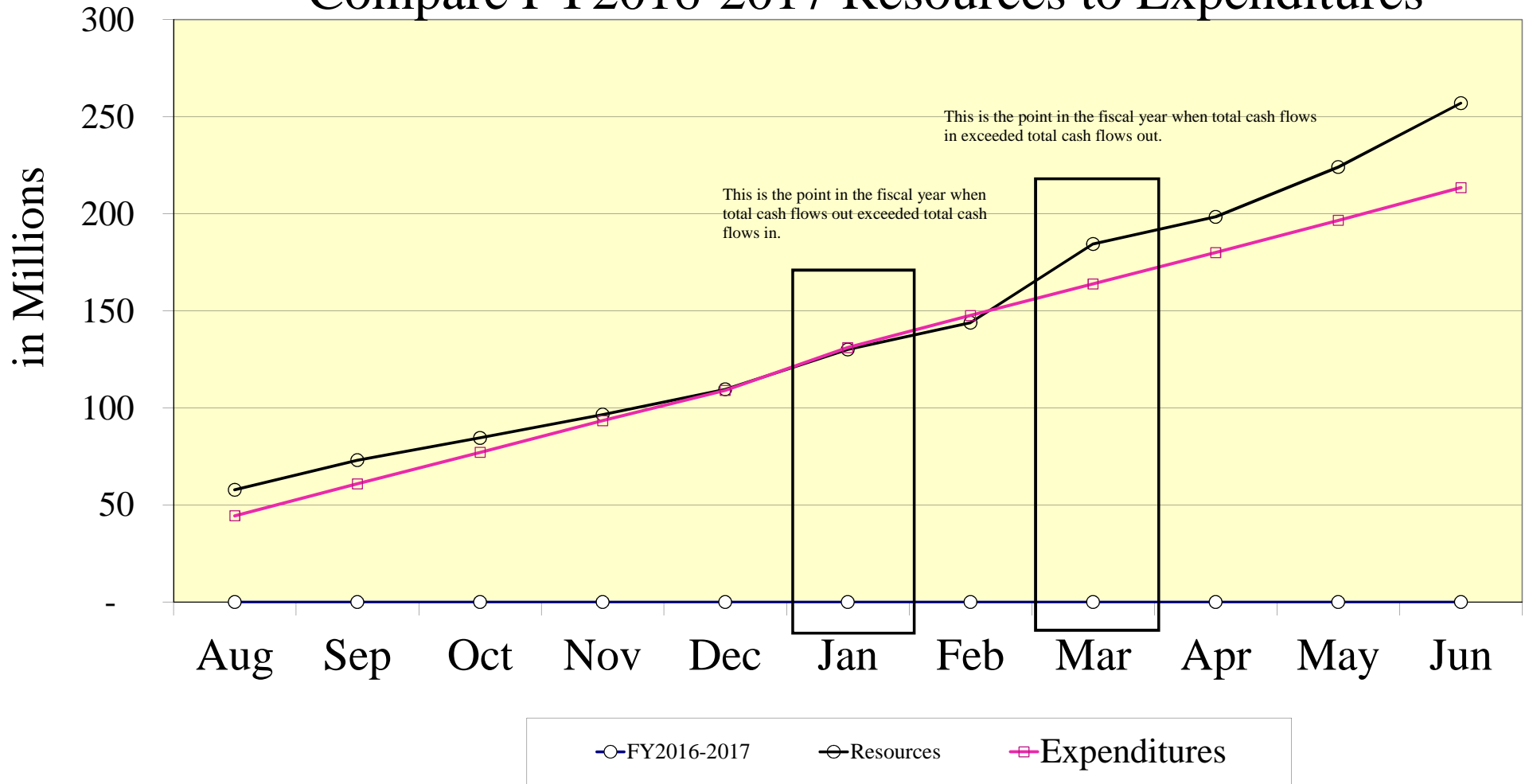
**General Fund Expenditures Budget To Actual by Major Program Category  
Year-to-Date Budget to Actual through November 2017**



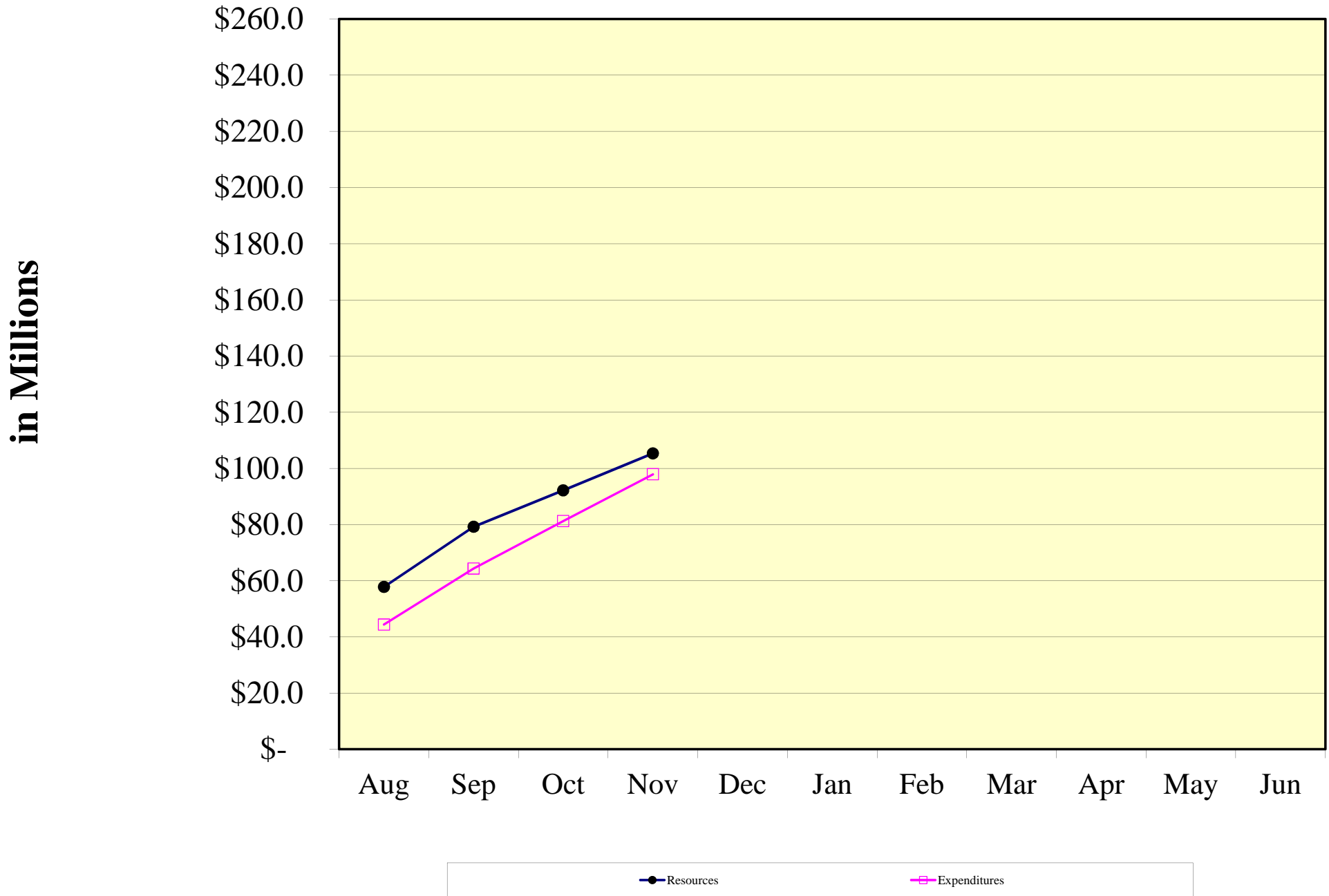
**Compare YTD Expenditures between FY2017 and FY2018**



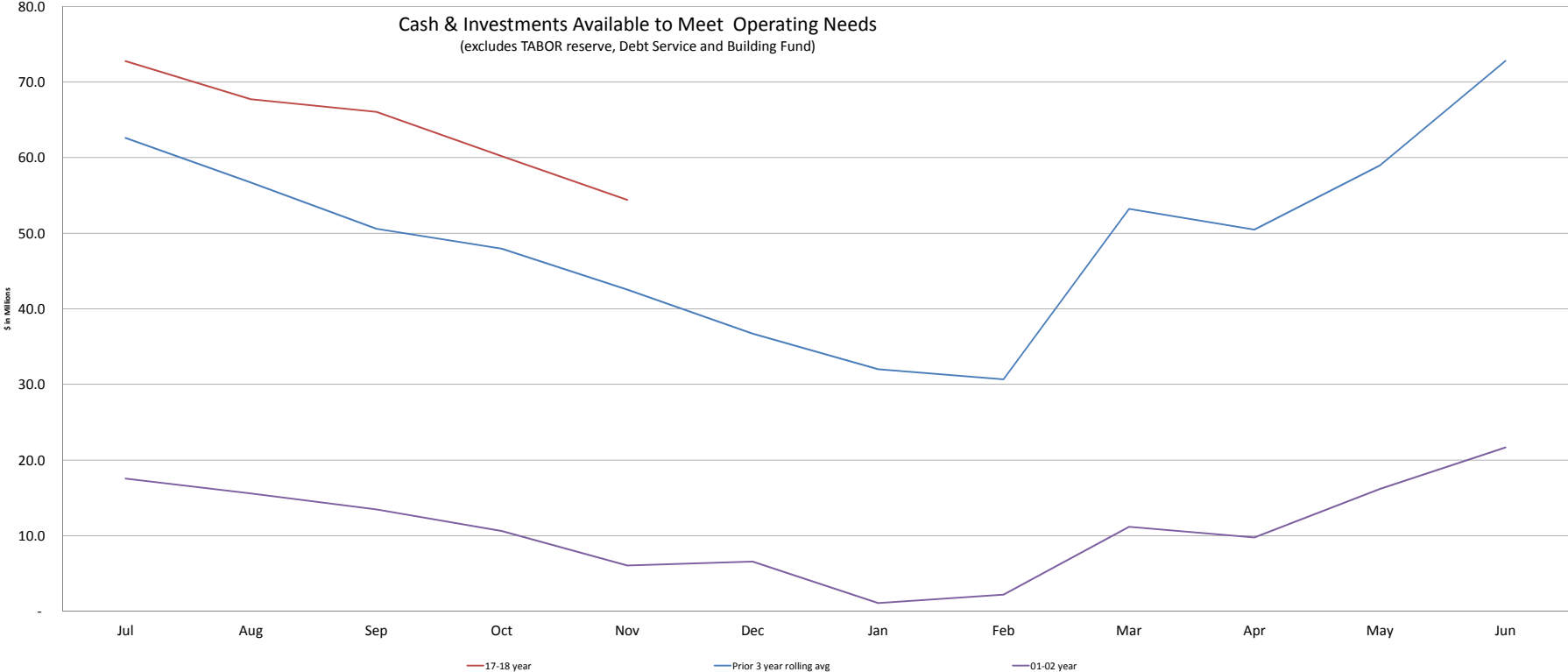
# Compare FY2016-2017 Resources to Expenditures



# 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 November 2017**  
**Percent of Year Completed - 41.67%**

	Adjusted Budget	Actual	% of Actual Revenue to Adjusted Budget	Variance Adjusted		FY2017 Budget	Final	Variance Adjusted		FY2016 % of Budget
				Budget to Actual	% of Budget			Budget to Actual	% of Budget	
Local Revenue	\$80,542,125	\$6,271,011	7.79%	(\$74,271,114)	2.41%	\$78,505,546	\$5,208,149	(\$73,297,397)	2.03%	
State Revenue	139,418,907	60,750,235	43.57%	(78,668,672)	23.32%	132,715,328	56,092,452	(76,622,876)	21.83%	
Federal Revenue	2,850,000	594,615	20.86%	(2,255,385)	0.23%	2,850,000	563,810	(2,286,190)	0.22%	
Total Revenue Budget	222,811,032	67,615,861	30.35%	(155,195,171)	25.95%	214,070,874	61,864,411	(152,206,463)	24.08%	
Fund Balance & Transfers	37,715,457	37,715,457		0	14.48%	42,864,125	34,707,202	(8,156,923)	13.51%	
<b>Total Revenue &amp; Fund Balance</b>	<b>\$260,526,489</b>	<b>\$105,331,318</b>		<b>(\$155,195,171)</b>	<b>40.43%</b>	<b>\$256,934,999</b>	<b>\$96,571,613</b>	<b>(\$160,363,386)</b>	<b>37.59%</b>	
<b>Object and Job Class</b>										
<b>Administrators</b>										
Salaries	\$12,262,390	\$4,987,369		\$7,275,021	40.67%	\$11,550,220	\$4,759,162	\$6,791,058	41.20%	
Benefits	3,049,070	1,231,644		1,817,426	40.39%	2,879,690	1,157,849	1,721,841	40.21%	
Subtotal	15,311,460	6,219,013		9,092,447	40.62%	14,429,910	5,917,011	8,512,899	41.01%	
<b>Teachers</b>										
Salaries	86,774,301	34,066,589		52,707,712	39.26%	82,869,907	33,202,766	49,667,141	40.07%	
Benefits	23,082,218	9,279,986		13,802,232	40.20%	22,329,902	8,824,012	13,505,890	39.52%	
Subtotal	109,856,519	43,346,575		66,509,944	39.46%	105,199,809	42,026,778	63,173,031	39.95%	
<b>Non-teaching Professionals</b>										
Salaries	1,942,122	801,293		1,140,829	41.26%	2,078,302	884,852	1,193,450	42.58%	
Benefits	503,615	230,373		273,242	45.74%	608,211	231,902	376,309	38.13%	
Subtotal	2,445,737	1,031,666		1,414,071	42.18%	2,686,513	1,116,754	1,569,759	41.57%	
<b>Paraprofessionals</b>										
Salaries	7,415,546	2,811,378		4,604,168	37.91%	6,885,973	2,615,852	4,270,121	37.99%	
Benefits	2,354,207	932,617		1,421,590	39.61%	2,487,135	841,989	1,645,146	33.85%	
Subtotal	9,769,753	3,743,995		6,025,758	38.32%	9,373,108	3,457,841	5,915,267	36.89%	
<b>Office &amp; Admin Support</b>										
Salaries	6,799,242	2,711,339		4,087,903	39.88%	6,601,683	2,630,287	3,971,396	39.84%	
Benefits	1,996,764	822,578		1,174,186	41.20%	2,070,368	782,060	1,288,308	37.77%	
Subtotal	8,796,006	3,533,917		5,262,089	40.18%	8,672,051	3,412,347	5,259,704	39.35%	
<b>Skilled Trades</b>										
Salaries	7,564,290	2,945,000		4,619,290	38.93%	6,602,499	2,712,615	3,889,884	41.08%	
Benefits	2,266,490	912,183		1,354,307	40.25%	2,098,650	803,212	1,295,438	38.27%	
Subtotal	9,830,780	3,857,183		5,973,597	39.24%	8,701,149	3,515,827	5,185,322	40.41%	
<b>Total Salaries &amp; Benefits</b>										
Salaries	122,757,891	48,322,968		74,434,923	39.36%	116,588,584	46,805,534	69,783,050	40.15%	
Benefits	33,252,364	13,409,381		19,842,983	40.33%	32,473,956	12,641,024	19,832,932	38.93%	
Subtotal	156,010,255	61,732,349		94,277,906	39.57%	149,062,540	59,446,558	89,615,982	39.88%	

**General Fund**  
**Operating Summary by Object**  
**Year to Date through November 2017**  
**Percent of Year Completed - 41.67%**

	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
				Actual	% of Budget				Actual	% of Budget	
<b>Non-Salaries</b>											
Purchased Professional & Technical Services	3,803,927	1,535,994		2,267,933	40.38%	2,815,937		1,366,679	1,449,258	48.53%	
Purchased Property Services	2,953,770	1,366,344		1,587,426	46.26%	4,100,860		1,738,897	2,361,963	42.40%	
Other Purchased Services	8,005,185	2,701,831		5,303,354	33.75%	7,667,297		2,612,326	5,054,971	34.07%	
Subtotal	14,762,882	5,604,169		9,158,713	37.96%	14,584,094		5,717,902	8,866,192	39.21%	
Supplies	10,210,274	4,217,924		5,992,350	41.31%	11,370,331		3,656,228	7,714,103	32.16%	
Equipment	296,868	303,440		-6,572	102.21%	673,314		335,184	338,130	49.78%	
Other Expenses	589,311	340,349		248,962	57.75%	555,554		312,914	242,640	56.32%	
Subtotal	11,096,453	4,861,713		6,234,740	43.81%	12,599,199		4,304,326	8,294,873	34.16%	
Subtotal Expenditure Accounts	181,869,590	72,198,231		109,671,359	39.70%	176,245,833		69,468,786	106,777,047	39.42%	
Transfer - Charter Schools	27,918,409	11,632,670		16,285,739	41.67%	27,132,214		11,116,470	16,015,744	40.97%	
Transfer - CRCP Fund	2,777,875	2,777,875		0	100.00%	7,954,039		2,677,750	5,276,289	33.67%	
Transfer - Transportation Fund	5,340,230	5,340,230		0	100.00%	5,106,180		5,106,180	0	100.00%	
Transfer - Technology Fund	5,960,925	5,960,925		0	100.00%	5,242,475		5,054,475	188,000	96.41%	
Subtotal	41,997,439	25,711,700		16,285,739	61.22%	45,434,908		23,954,875	21,480,033	52.72%	
<b>Total Expenditure Accounts &amp; Transfers/Allocations</b>	<b>223,867,029</b>	<b>97,909,931</b>		<b>125,957,098</b>	<b>43.74%</b>	<b>221,680,741</b>		<b>93,423,661</b>	<b>128,257,080</b>	<b>42.14%</b>	
TABOR Reserve	5,387,000	0		5,387,000	0.00%	5,387,000		0	5,387,000	0.00%	
Contingency & Other Reserves	7,943,460	0		7,943,460	0.00%	5,498,132		0	5,498,132	0.00%	
Reserve for encumbrance & unanti	23,329,000	0		23,329,000	0.00%	24,369,126		0	24,369,126	0.00%	
Subtotal	36,659,460	0		36,659,460	0.00%	35,254,258		0	35,254,258	0.00%	
<b>Total Appropriated Budget</b>	<b>\$260,526,489</b>	<b>\$97,909,931</b>		<b>\$162,616,558</b>	<b>37.58%</b>	<b>\$256,934,999</b>		<b>\$93,423,661</b>	<b>\$163,511,338</b>	<b>36.36%</b>	
<b>Total Resources Over (Under)</b>											
<b>Total Expenditures</b>		<b>\$7,421,387</b>						<b>\$3,147,952</b>			