

ACADEMY 20 BOARD OF EDUCATION
January 21, 2016

Subject: Monthly Financial Report through December 2015.

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: January 12, 2016



MEMORANDUM

TO: Dr. Mark Hatchell, Superintendent
Board of Education

FROM: Tom Gregory, Chief Financial Officer

DATE: January 12, 2016

SUBJECT: December Financial Report

REVENUES

Graph #1 and Table #1 show that through December we have collected about 29.4% 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 28.7%. 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 6 months of the year complete (50.0%), spending, which includes total appropriation, is at 44.4%. 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 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
- 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 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 (50.7%) are comparable to last year (50.7%). 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.

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 \$15,892,325, the required amounts for December principal and interest payments, to our bond paying agents leaving the balance of \$7,953,805 after the payments.

Investments	Dec-15	Nov-15	Oct-15	Sep-15	Aug-15
General Fund Account					
Colotrust	31,534,029	39,962,135	43,439,649	49,232,839	54,122,379
Total General Fund	31,534,029	39,962,135	43,439,649	49,232,839	54,122,379
TABOR Account					
Colotrust	5,132,000	5,132,000	5,132,000	4,853,000	4,853,000
Total TABOR	5,132,000	5,132,000	5,132,000	4,853,000	4,853,000
Bond Redemption Account					
Wells Fargo - Colotrust	7,953,805	23,825,451	23,761,494	23,700,797	23,676,216
Total Bond Redemption	7,953,805	23,825,451	23,761,494	23,700,797	23,676,216
Total Investments	<u>\$44,619,834</u>	<u>\$68,919,586</u>	<u>\$72,333,143</u>	<u>\$77,786,636</u>	<u>\$82,651,595</u>

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 second quarterly projection for the June 30, 2016 fund balance. There are 5 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) estimate for longevity payouts in January,
- 5) 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. At this time the assumed revenues for FY2015-2016 are expected to be 100.0% of mid-year budget and non-salary/benefit expenditures are projected at 97.2% (same percentage as indicated by the proforma operating summary for ADJ 2015).

Using these assumptions, the June 30, 2016 fund balance projection shows a decrease of approximately \$38k 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 2016-2017 adopted budget.

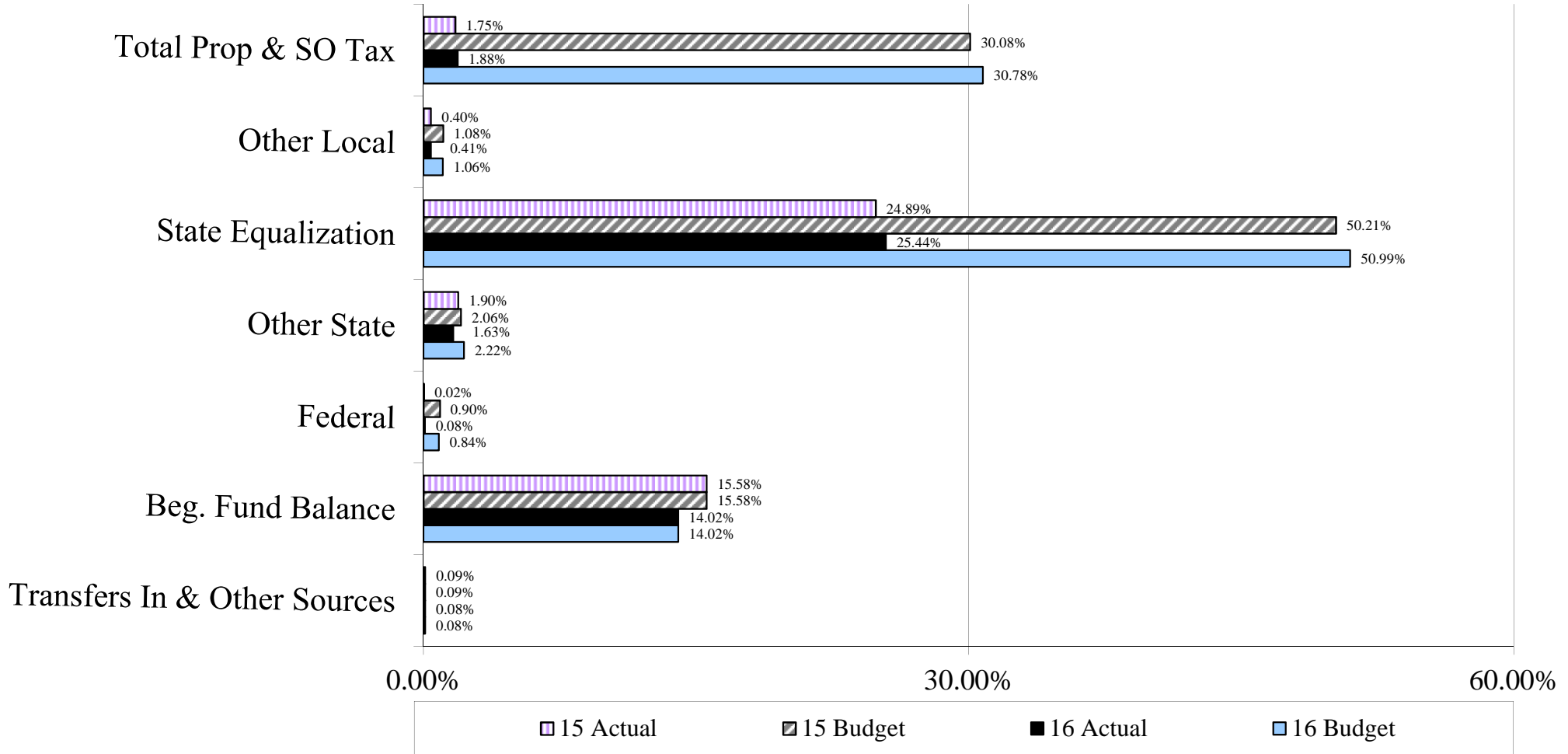
December 2015

General Fund

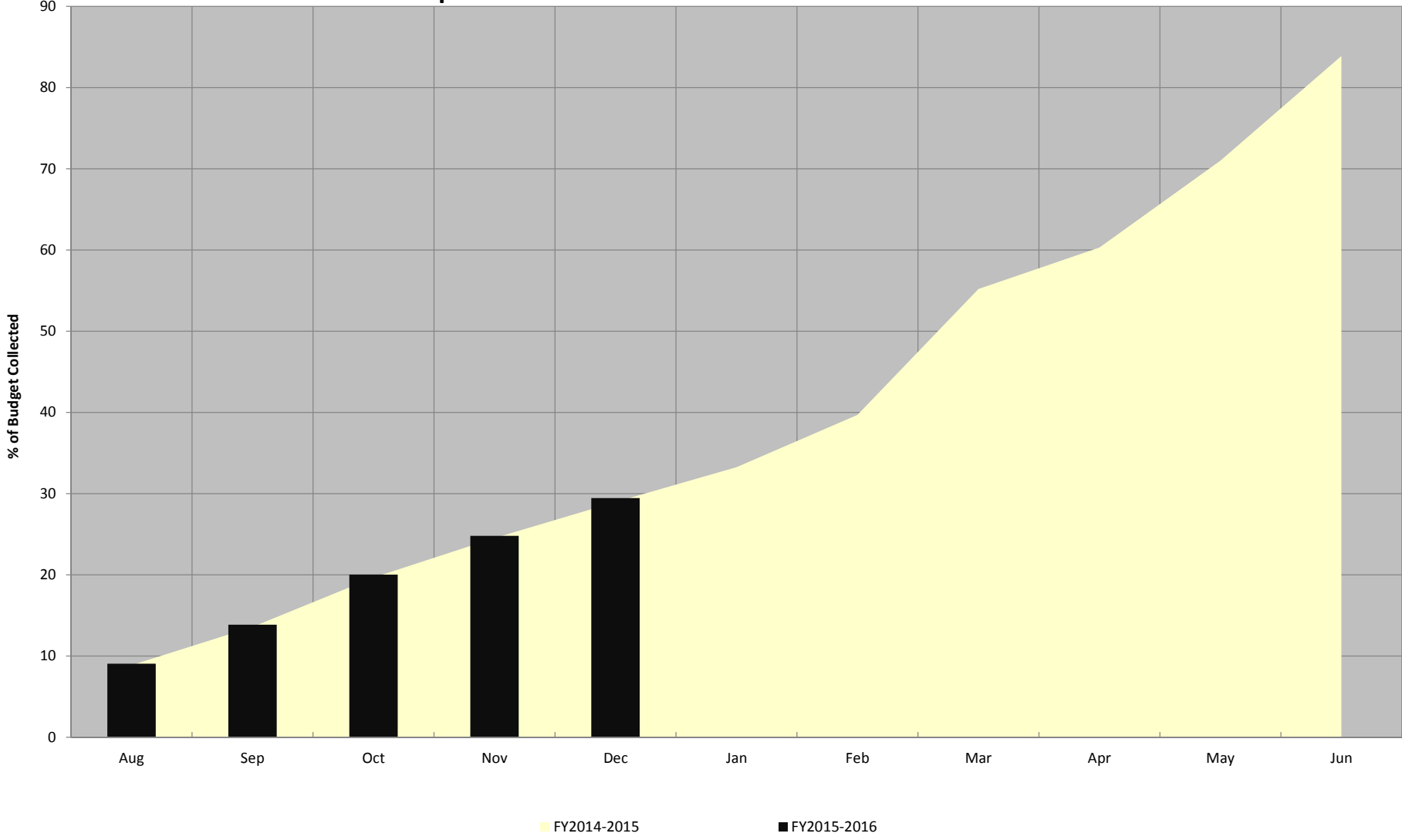
Financial Report

General Fund Major Revenue Categories

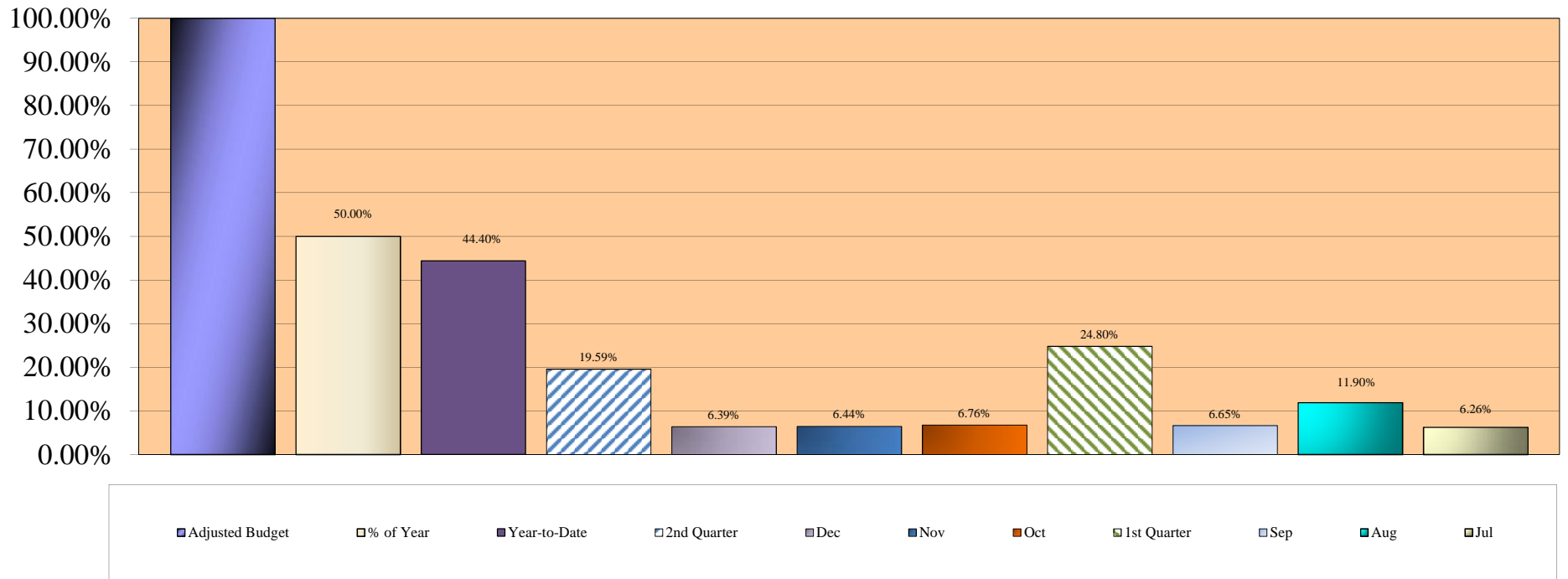
Year-to-Date Budget to Actual through December 2015 Compared to Year-to-Date Budget to Actual through December 2014



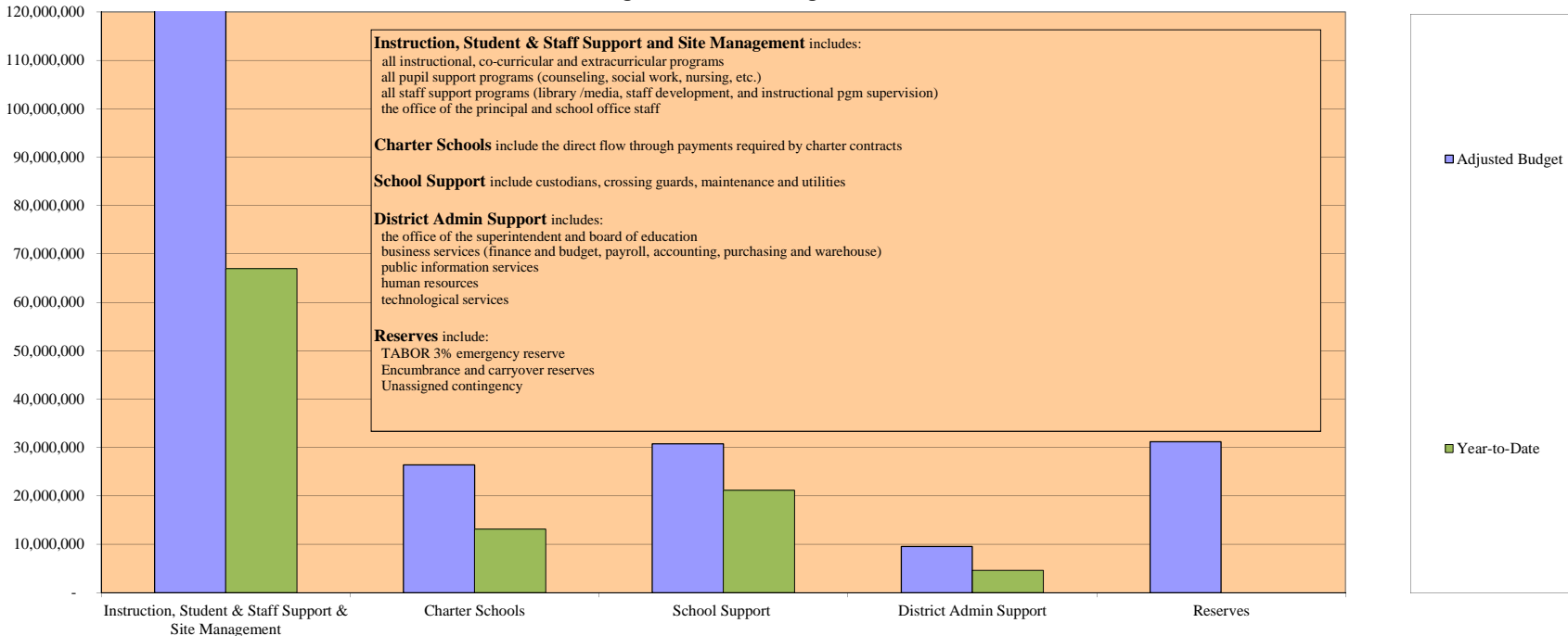
Compare YTD Revenues between FY2015 and FY2016



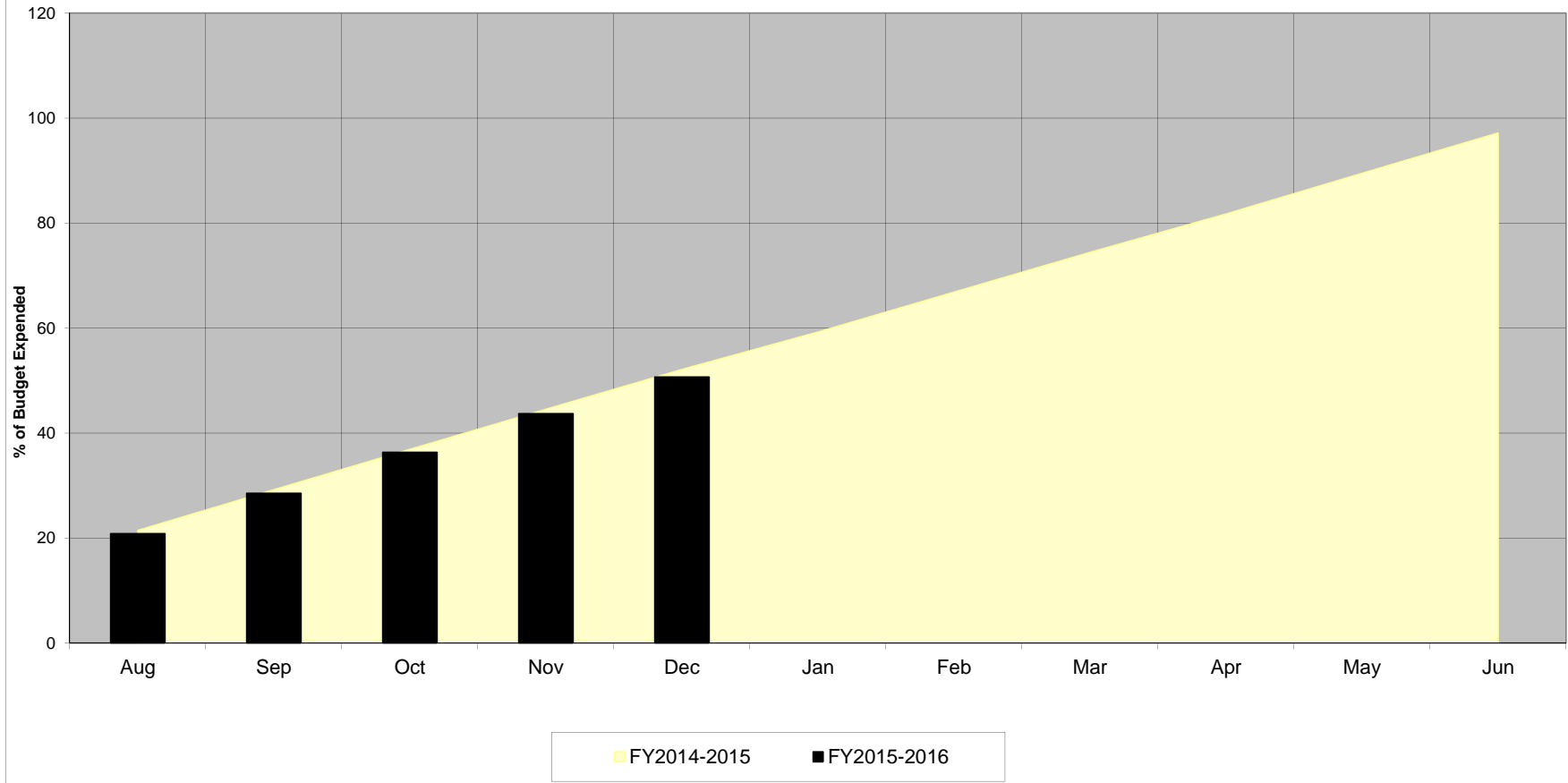
General Fund Total Expenditures Budget to Actual Comparison by Month and Year-to-Date - Unaudited



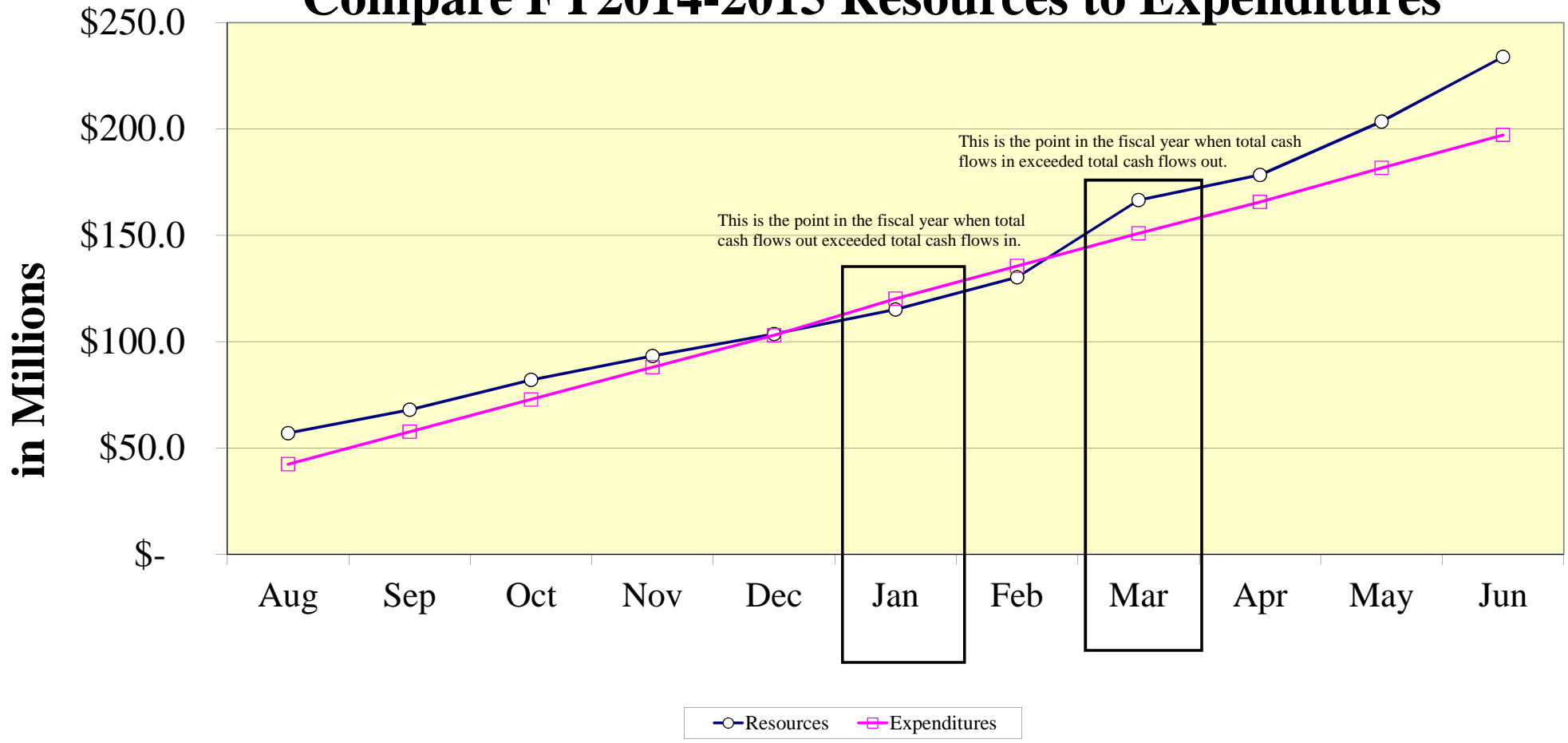
**General Fund Expenditures Budget To Actual by Major Program Category
Year-to-Date Budget to Actual through December 2015**



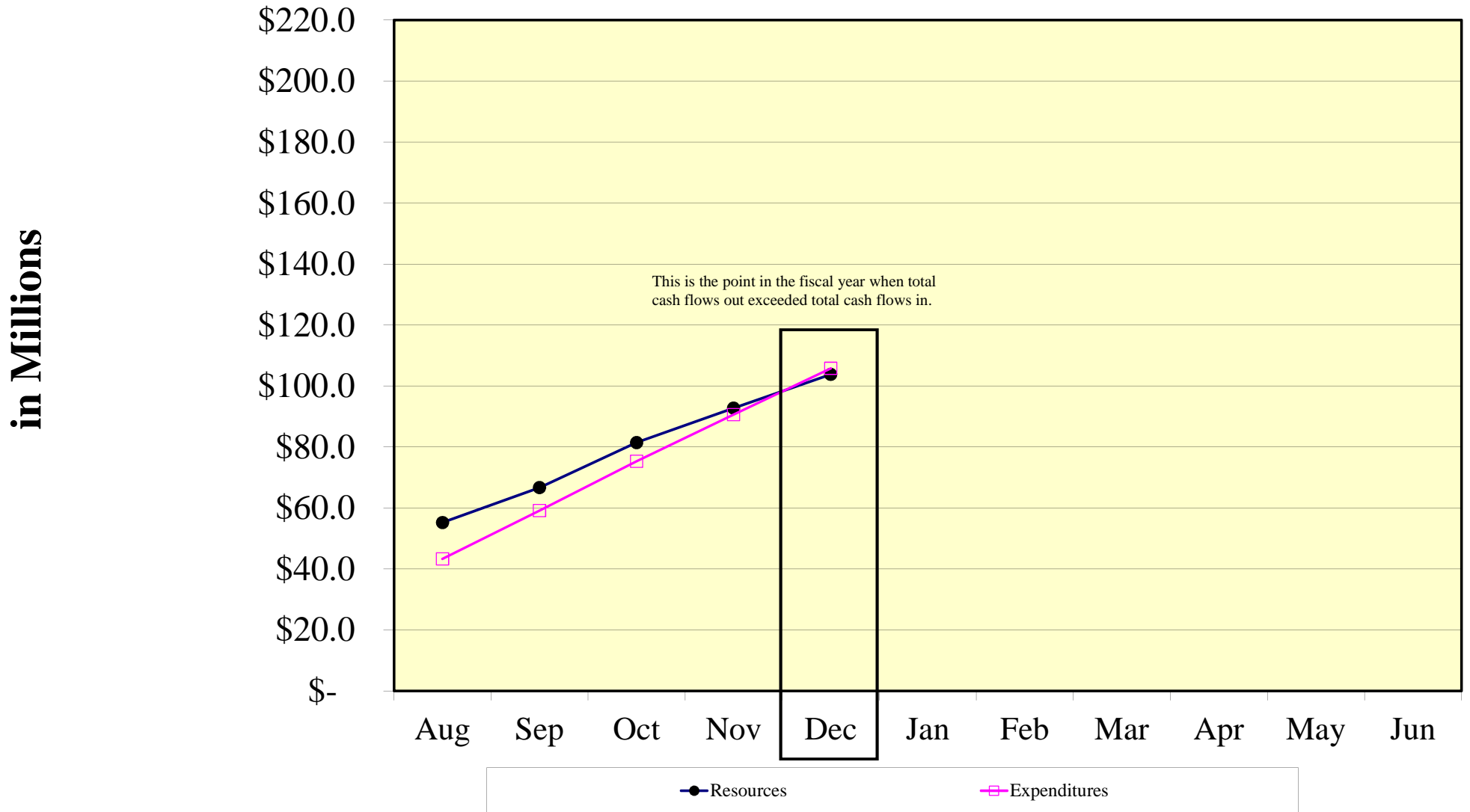
Compare YTD Expenditures between FY2015 and FY2016



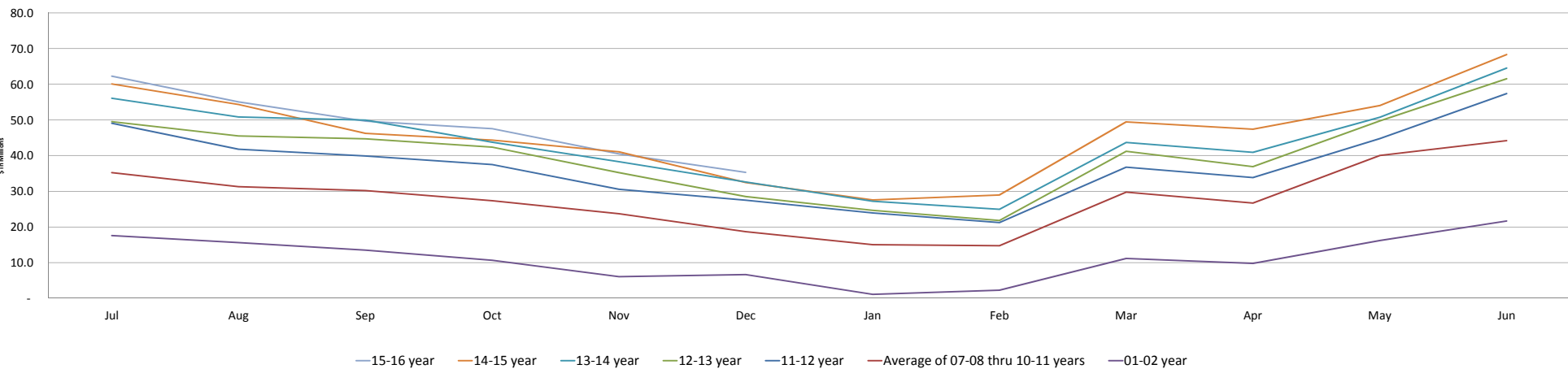
Compare FY2014-2015 Resources to Expenditures



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 Dec 2015
Percent of Year Completed - 50.0%

	Adjusted		% of Actual Revenue to Adjusted Budget	Variance Adjusted Budget to		FY2015		Variance Adjusted Budget to	
	Budget	Actual		Actual	% of Budget	Final Budget	Actual	Actual	% of Budget
Local Revenue	\$75,918,313	\$5,446,463	7.17%	(\$70,471,850)	2.28%	\$74,042,899	\$4,993,666	(\$69,049,233)	2.13%
State Revenue	126,864,353	64,544,275	50.88%	(62,320,078)	27.07%	121,039,299	62,214,888	(58,824,411)	26.54%
Federal Revenue	<u>2,000,000</u>	<u>195,211</u>	<u>9.76%</u>	<u>(1,804,789)</u>	<u>0.08%</u>	<u>2,100,000</u>	<u>56,344</u>	<u>(2,043,656)</u>	<u>0.02%</u>
Total Revenue Budget	204,782,666	70,185,949	34.27%	(134,596,717)	29.44%	197,182,198	67,264,898	(129,917,300)	28.70%
Fund Balance & Transfers	<u>33,636,886</u>	<u>33,636,886</u>		<u>0</u>	<u>14.11%</u>	<u>37,208,467</u>	<u>36,377,689</u>	<u>(830,778)</u>	<u>15.52%</u>
Total Revenue & Fund Balance	<u>\$238,419,552</u>	<u>\$103,822,835</u>		<u>(\$134,596,717)</u>	<u>43.55%</u>	<u>\$234,390,665</u>	<u>\$103,642,587</u>	<u>(\$130,748,078)</u>	<u>44.22%</u>
Object and Job Class									
Administrators									
Salaries	\$11,356,775	\$5,489,836		\$5,866,939	48.34%	\$10,867,345	\$5,351,614	\$5,515,731	49.24%
Benefits	<u>2,692,900</u>	<u>1,297,934</u>		<u>1,394,966</u>	<u>48.20%</u>	<u>2,538,320</u>	<u>1,208,269</u>	<u>1,330,051</u>	<u>47.60%</u>
Subtotal	14,049,675	6,787,770		7,261,905	48.31%	13,405,665	6,559,883	6,845,782	48.93%
Teachers									
Salaries	82,327,501	39,214,875		43,112,626	47.63%	79,146,054	38,521,398	40,624,656	48.67%
Benefits	<u>20,823,636</u>	<u>10,165,678</u>		<u>10,657,958</u>	<u>48.82%</u>	<u>20,048,394</u>	<u>9,587,162</u>	<u>10,461,232</u>	<u>47.82%</u>
Subtotal	103,151,137	49,380,553		53,770,584	47.87%	99,194,448	48,108,560	51,085,888	48.50%
Non-teaching Professionals									
Salaries	2,004,620	959,078		1,045,542	47.84%	1,977,397	941,863	1,035,534	47.63%
Benefits	<u>511,570</u>	<u>256,670</u>		<u>254,900</u>	<u>50.17%</u>	<u>517,191</u>	<u>244,384</u>	<u>272,807</u>	<u>47.25%</u>
Subtotal	2,516,190	1,215,748		1,300,442	48.32%	2,494,588	1,186,247	1,308,341	47.55%
Paraprofessionals									
Salaries	6,386,424	2,989,722		3,396,702	46.81%	5,958,725	2,857,904	3,100,821	47.96%
Benefits	<u>2,050,178</u>	<u>957,199</u>		<u>1,092,979</u>	<u>46.69%</u>	<u>1,900,355</u>	<u>895,791</u>	<u>1,004,564</u>	<u>47.14%</u>
Subtotal	8,436,602	3,946,921		4,489,681	46.78%	7,859,080	3,753,695	4,105,385	47.76%
Office & Admin Support									
Salaries	6,537,620	3,141,740		3,395,880	48.06%	6,337,185	3,145,276	3,191,909	49.63%
Benefits	<u>1,865,156</u>	<u>915,209</u>		<u>949,947</u>	<u>49.07%</u>	<u>1,837,991</u>	<u>872,984</u>	<u>965,007</u>	<u>47.50%</u>
Subtotal	8,402,776	4,056,949		4,345,827	48.28%	8,175,176	4,018,260	4,156,916	49.15%
Skilled Trades									
Salaries	6,642,920	3,149,505		3,493,415	47.41%	6,426,238	3,140,968	3,285,270	48.88%
Benefits	<u>2,053,840</u>	<u>930,766</u>		<u>1,123,074</u>	<u>45.32%</u>	<u>1,859,056</u>	<u>893,546</u>	<u>965,510</u>	<u>48.06%</u>
Subtotal	8,696,760	4,080,271		4,616,489	46.92%	8,285,294	4,034,514	4,250,780	48.69%
Total Salaries & Benefits									
Salaries	115,255,860	54,944,756		60,311,104	47.67%	110,712,944	53,959,023	56,753,921	48.74%
Benefits	<u>29,997,280</u>	<u>14,523,456</u>		<u>15,473,824</u>	<u>48.42%</u>	<u>28,701,307</u>	<u>13,702,136</u>	<u>14,999,171</u>	<u>47.74%</u>
Subtotal	145,253,140	69,468,212		75,784,928	47.83%	139,414,251	67,661,159	71,753,092	48.53%

General Fund
Operating Summary by Object
Year to Date through Dec 2015
Percent of Year Completed - 50.0%

	Adjusted		% of Actual Revenue to Adjusted Budget	Variance Adjusted Budget to Actual		FY2015		Variance Adjusted Budget to Actual	
	Budget	Actual		Actual	% of Budget	Final Budget	Actual	Actual	% of Budget
Non-Salaries									
Purchased Professional & Technical Services	2,131,497	1,415,852		715,645	66.43%	2,416,258	1,227,320	1,188,938	50.79%
Purchased Property Services	3,634,047	1,882,337		1,751,710	51.80%	3,780,569	2,060,270	1,720,299	54.50%
Other Purchased Services	6,610,134	3,065,104		3,545,030	46.37%	6,869,587	2,692,505	4,177,082	39.19%
Subtotal	12,375,678	6,363,293		6,012,385	51.42%	13,066,414	5,980,095	7,086,319	45.77%
Supplies	11,305,757	3,641,050		7,664,707	32.21%	10,628,837	4,250,096	6,378,741	39.99%
Equipment	269,144	231,117		38,027	85.87%	437,767	319,086	118,681	72.89%
Other Expenses	610,989	309,128		301,861	50.59%	532,469	267,214	265,255	50.18%
Subtotal	12,185,890	4,181,295		8,004,595	34.31%	11,599,073	4,836,396	6,762,677	41.70%
Subtotal Expenditure Accounts	169,814,708	80,012,800		89,801,908	47.12%	164,079,738	78,477,650	85,602,088	47.83%
Transfer - Charter Schools	26,396,701	13,149,846		13,246,855	49.82%	25,523,578	12,376,788	13,146,790	48.49%
Transfer - CRCP Fund	2,385,905	2,385,905		0	100.00%	3,252,470	2,371,610	880,860	72.92%
Transfer - Transportation Fund	5,330,245	5,330,245		0	100.00%	5,090,190	5,080,410	9,780	99.81%
Transfer - Technology Fund	4,968,665	4,968,665		0	100.00%	5,058,490	4,648,890	409,600	91.90%
Subtotal	39,081,516	25,834,661		13,246,855	66.10%	38,924,728	24,477,698	14,447,030	62.88%
Total Expenditure Accounts & Transfers/Allocations	208,896,224	105,847,461		103,048,763	50.67%	203,004,466	102,955,348	100,049,118	50.72%
TABOR Reserve	4,853,000	0		4,853,000	0.00%	4,853,000	0	4,853,000	0.00%
Contingency & Other Reserves	5,089,088	0		5,089,088	0.00%	4,717,474	0	4,717,474	0.00%
Reserve for encumbrance & unanti	19,581,240	0		19,581,240	0.00%	21,815,725	0	21,815,725	0.00%
Subtotal	29,523,328	0		29,523,328	0.00%	31,386,199	0	31,386,199	0.00%
Total Appropriated Budget	\$238,419,552	\$105,847,461		\$132,572,091	44.40%	\$234,390,665	\$102,955,348	\$131,435,317	43.92%
Total Resources Over (Under)									
Total Expenditures		(\$2,024,626)					\$687,239		

	Unassigned	Restricted/Assigned	Total
July 1, 2015 Audited Fund Balance	\$ 24,704,710	\$ 12,694,068	\$ 37,398,778
Projected Revenues	205,789,128	-	205,789,128
Projected Expenditures	(205,627,202)		(205,627,202)
Increase in Assignment for TABOR	(200,000)	200,000	-
Projected June 30, 2016 Unassigned Fund Bal	\$ 24,666,636	\$ 12,894,068	\$ 37,560,704
Projected Change in Unassigned Fund Balance	\$ (38,074)	\$ 200,000	\$ 161,926