

ACADEMY 20 BOARD OF EDUCATION
November 20, 2014

Subject: Monthly Financial Report through October 2014.

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: November 11, 2014

Academy School District Twenty

Dr. Mark Hatchell, *Superintendent of Schools*

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MEMORANDUM

TO: Dr. Mark Hatchell, Superintendent
Board of Education

FROM: Tom Gregory, District Fiscal Officer

DATE: November 11, 2014

SUBJECT: October Financial Report

REVENUES

Graph #1 and Table #1 show that through October we have collected about 19.7% 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 18.7%. 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 FY2014. It is in these months that the majority of property taxes are paid to the district. Collections for FY2015 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 4 months of the year complete (33.3%), spending, which includes total appropriation, is at 31.4%. 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 2013-2014 salary schedule and will require an accrual for July and August 2015 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 2014-2015 services billed and paid early in the year.

"The mission of Academy School District 20 is to educate every student in a safe and nurturing environment and to provide comprehensive, challenging curricular and extracurricular opportunities that meet the unique needs of every individual by expanding interests, enhancing abilities, and equipping every student with the knowledge, skills, and character essential to being a responsible citizen of our community, our nation, and the world."

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 (36.9%) are greater than last year (33.5%). The budgets for salaries/benefits and for non-salary expenditures have been increased, but not to the level of the expected growth in actuals, which increases the percentage spent. 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 FY2014 was virtually a straight line. The trend for FY2015 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 FY2014-2015 revenues and expenditures to FY2013-2014. Budget information presented for FY2013-2014 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 2014. The main reasons were due to the full transfers made to the CRCP, Transportation and Technology Funds in July 2013 and property taxes not collected until the spring 2014. It is important to note that in March 2014, 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". As expected, the Special Education revenue which is generally posted in September arrived in October. Our cash flow rebounded and is expected to follow a 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 ten fiscal years were such that we did not borrow funds from any external source. On June 19, 2014 the Board passed interfund borrowing resolution 150-14 for fiscal year 2014-2015. 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, 2014 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 will transfer \$15,855,185, the required amounts for December principal and interest payments, to our bond paying agents. The current account balance of \$24,610,816 is sufficient to provide the amount necessary for the December 2014 payments.

Investments	Oct-14	Sep-14	Aug-14	Jul-14	Jun-14
General Fund Account					
Colotrust	38,470,661	46,988,043	52,128,433	57,688,465	60,917,818
Total General Fund	38,470,661	46,988,043	52,128,433	57,688,465	60,917,818
TABOR Account					
Colotrust	4,593,000	4,593,000	4,593,000	4,593,000	4,593,000
Total TABOR	4,593,000	4,593,000	4,593,000	4,593,000	4,593,000
Bond Redemption Account					
Wells Fargo - Colotrust	24,610,816	24,630,761	24,576,179	24,377,446	24,341,624
Total Bond Redemption	24,610,816	24,630,761	24,576,179	24,377,446	24,341,624
Total Investments	\$67,674,477	\$76,211,804	\$81,297,612	\$86,658,911	\$89,852,442

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.

October 2014

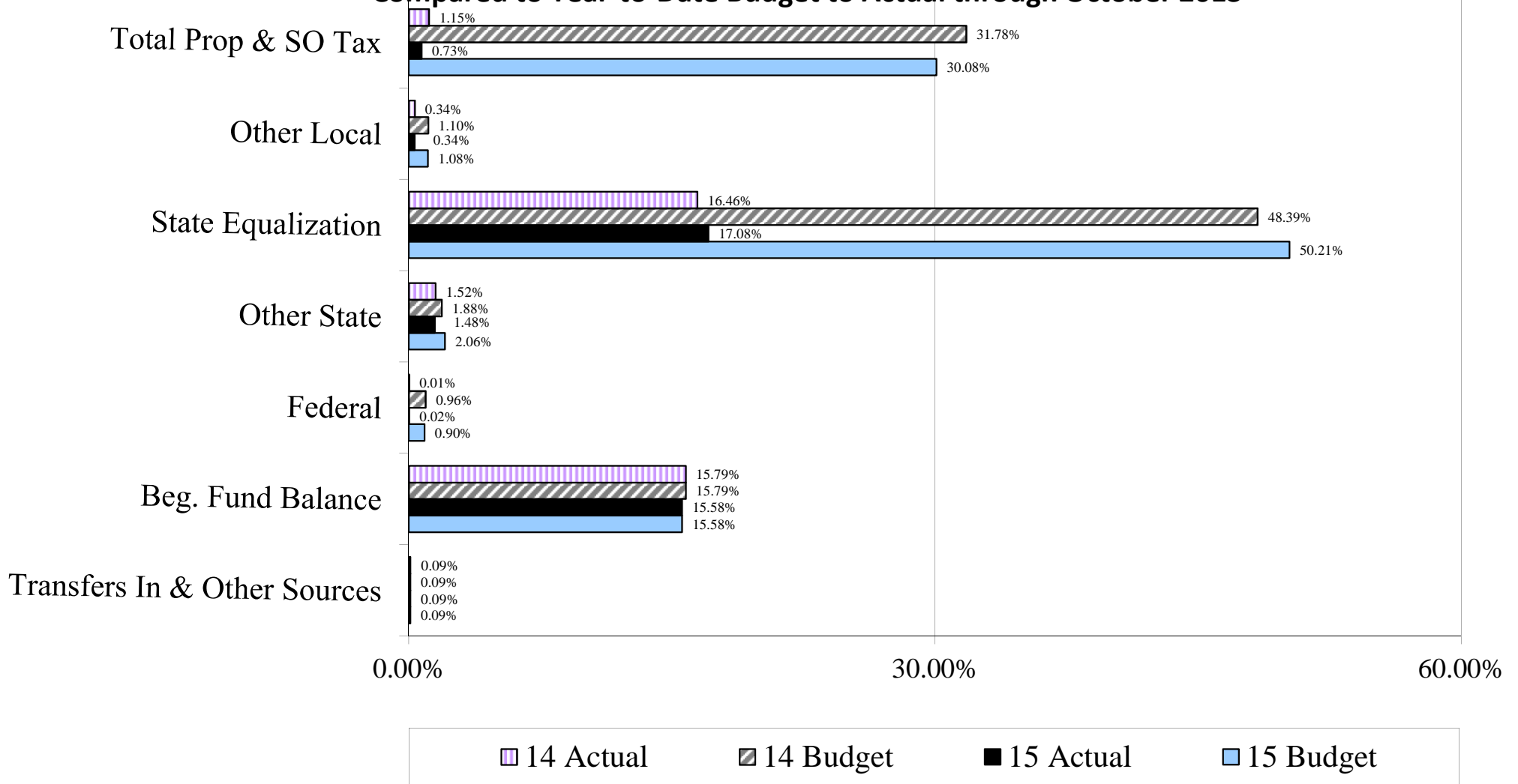
General Fund

Financial Report

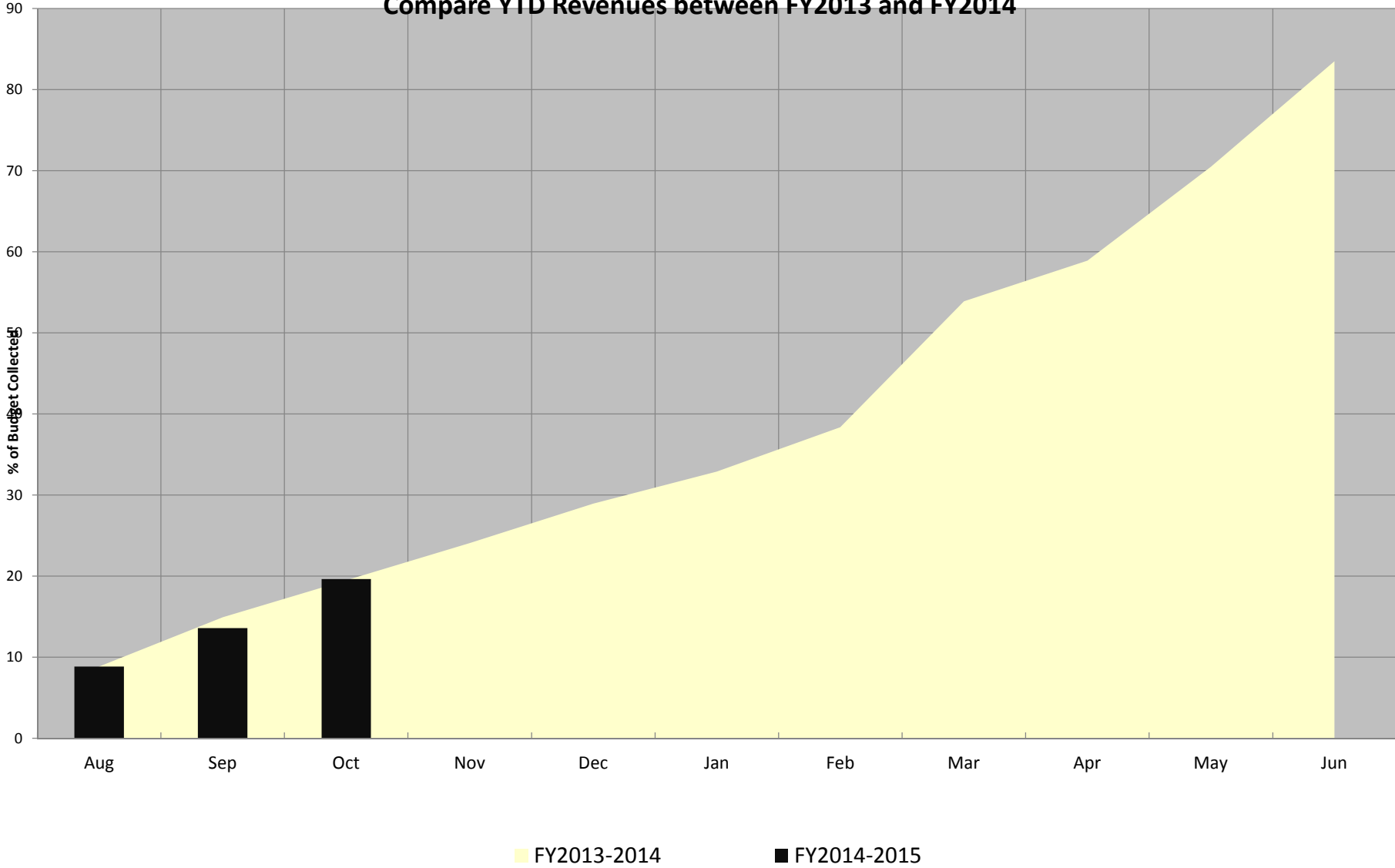
General Fund Major Revenue Categories

Year-to-Date Budget to Actual through October 2014

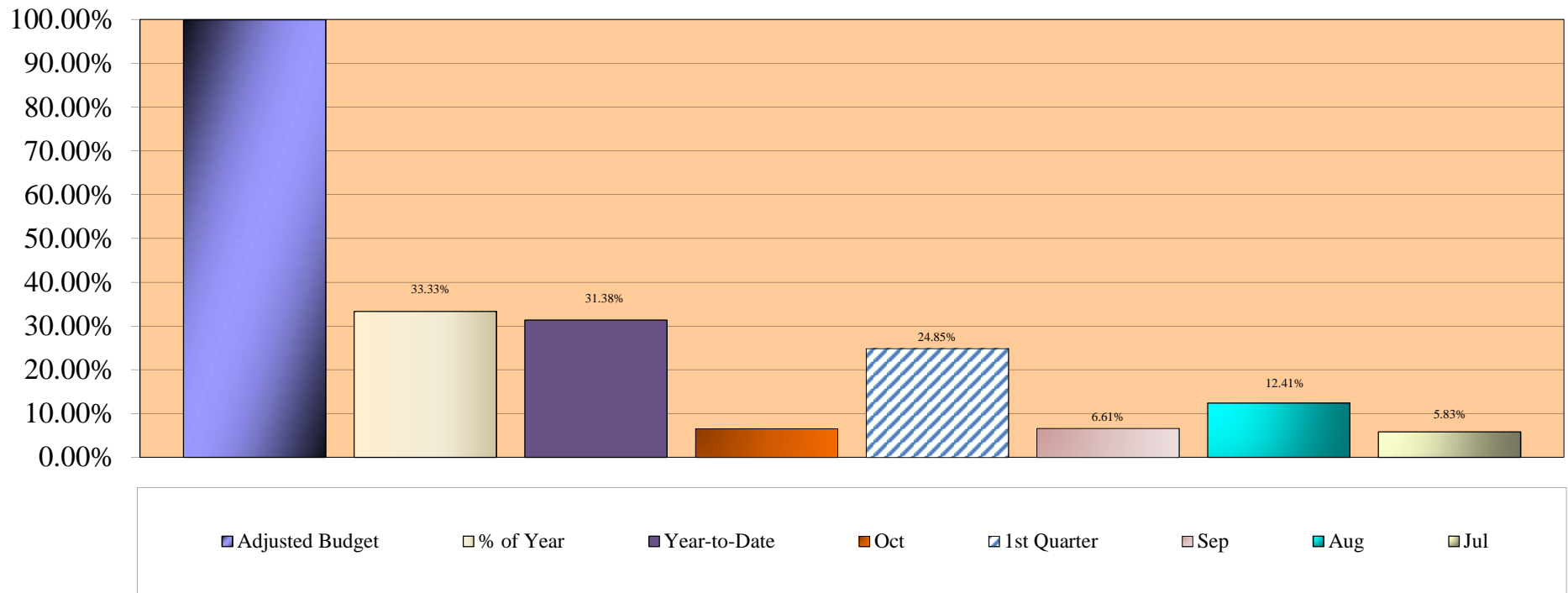
Compared to Year-to-Date Budget to Actual through October 2013



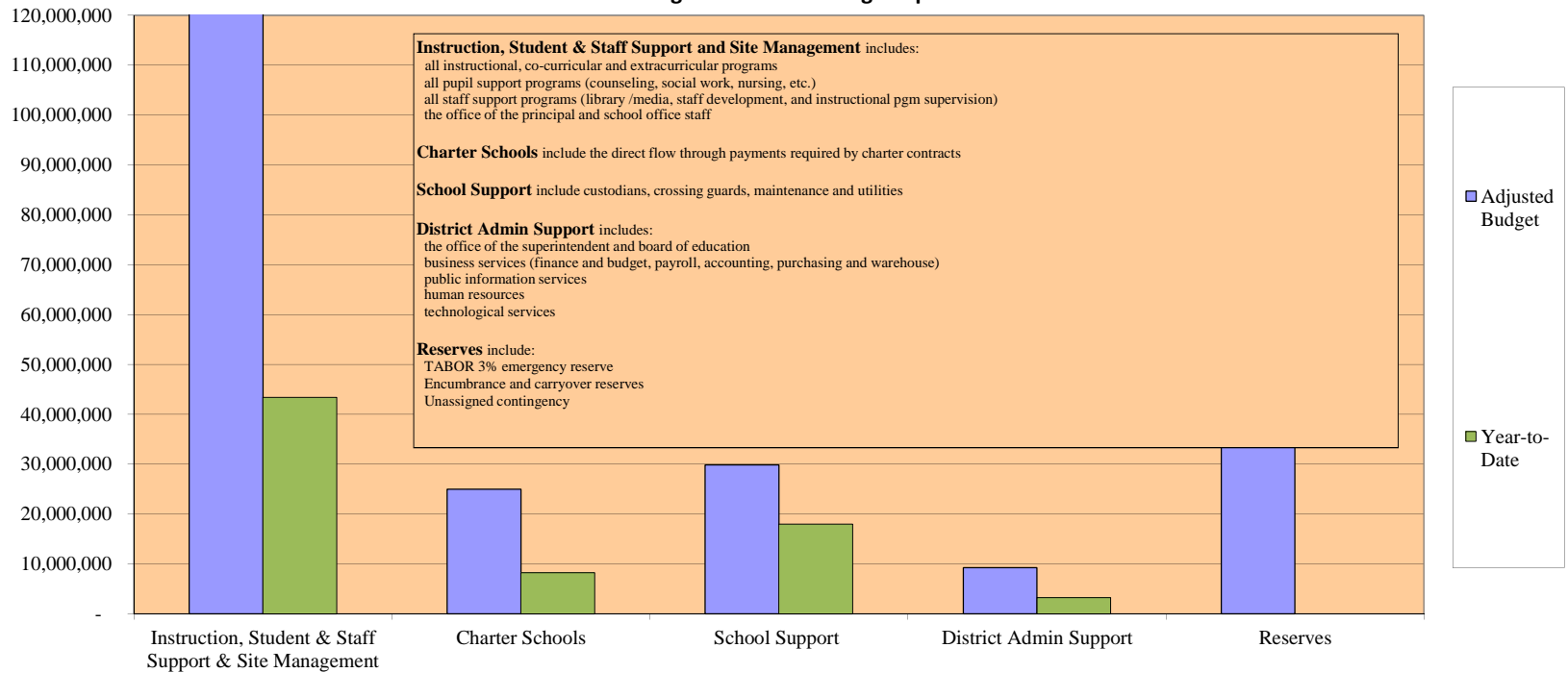
Compare YTD Revenues between FY2013 and FY2014



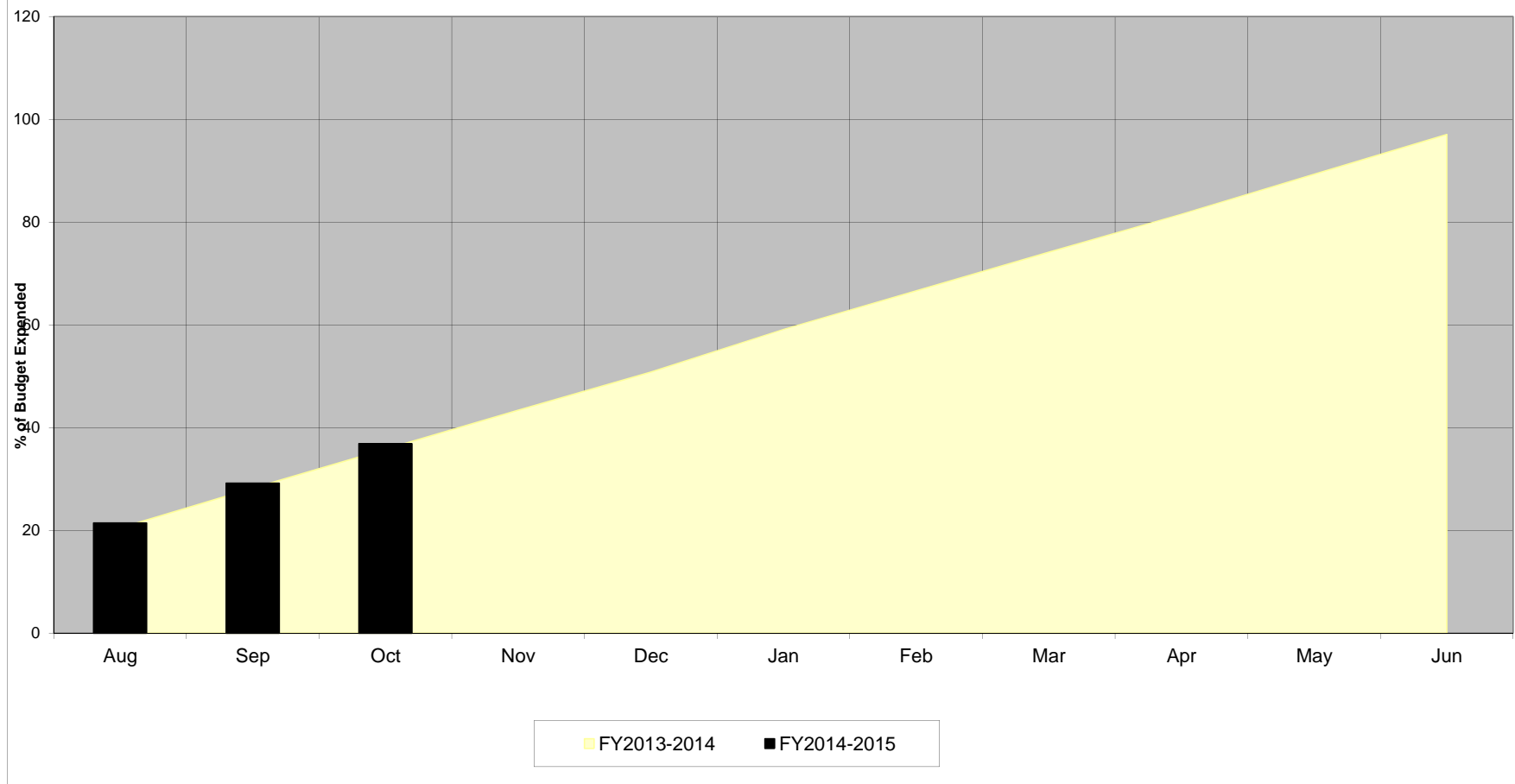
General Fund Total Expenditures Budget to Actual Comparison by Month and Year-to-Date - Unaudited



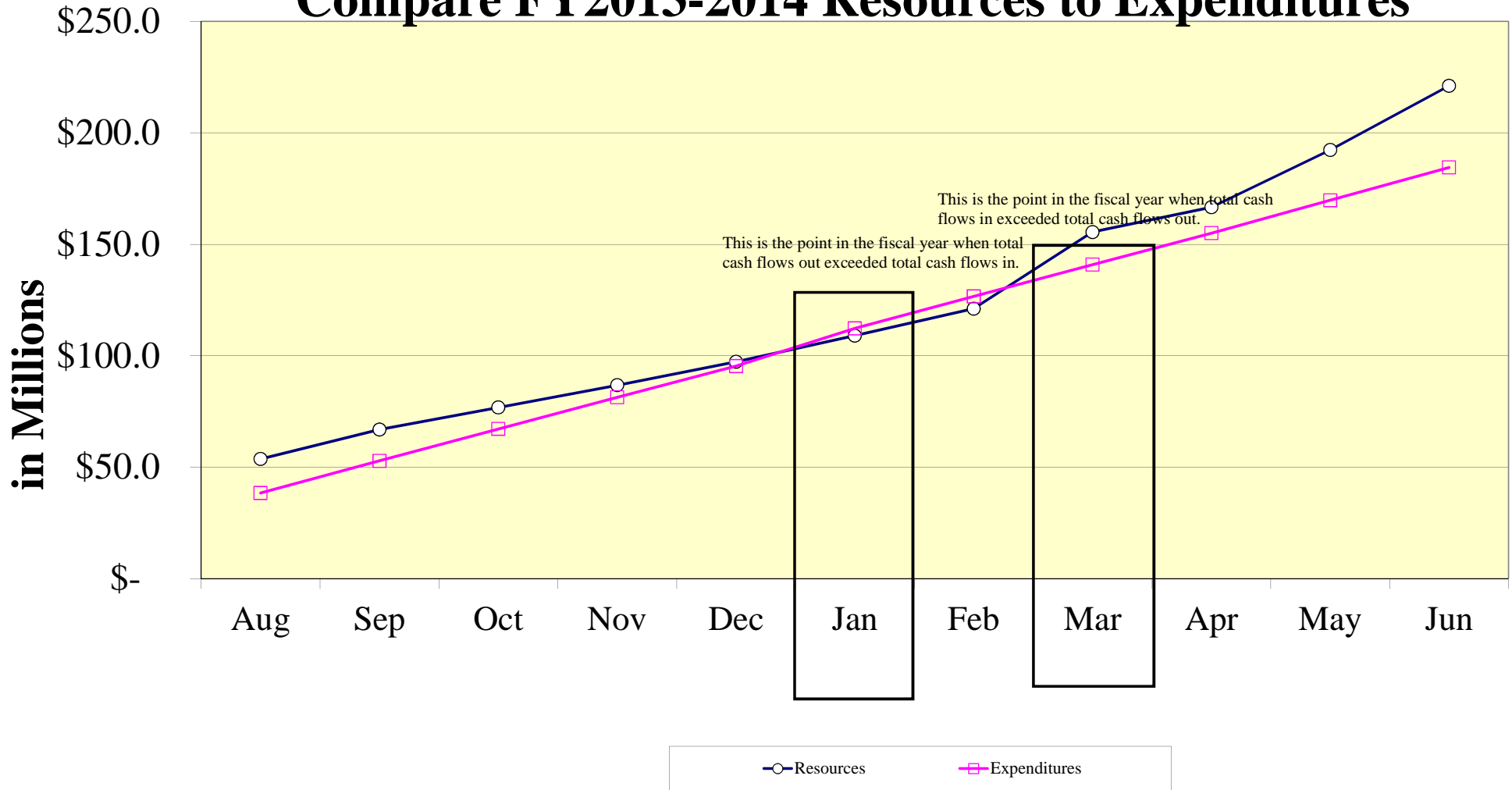
**General Fund Expenditures Budget To Actual by Major Program Category
Year-to-Date Budget to Actual through September 2014**



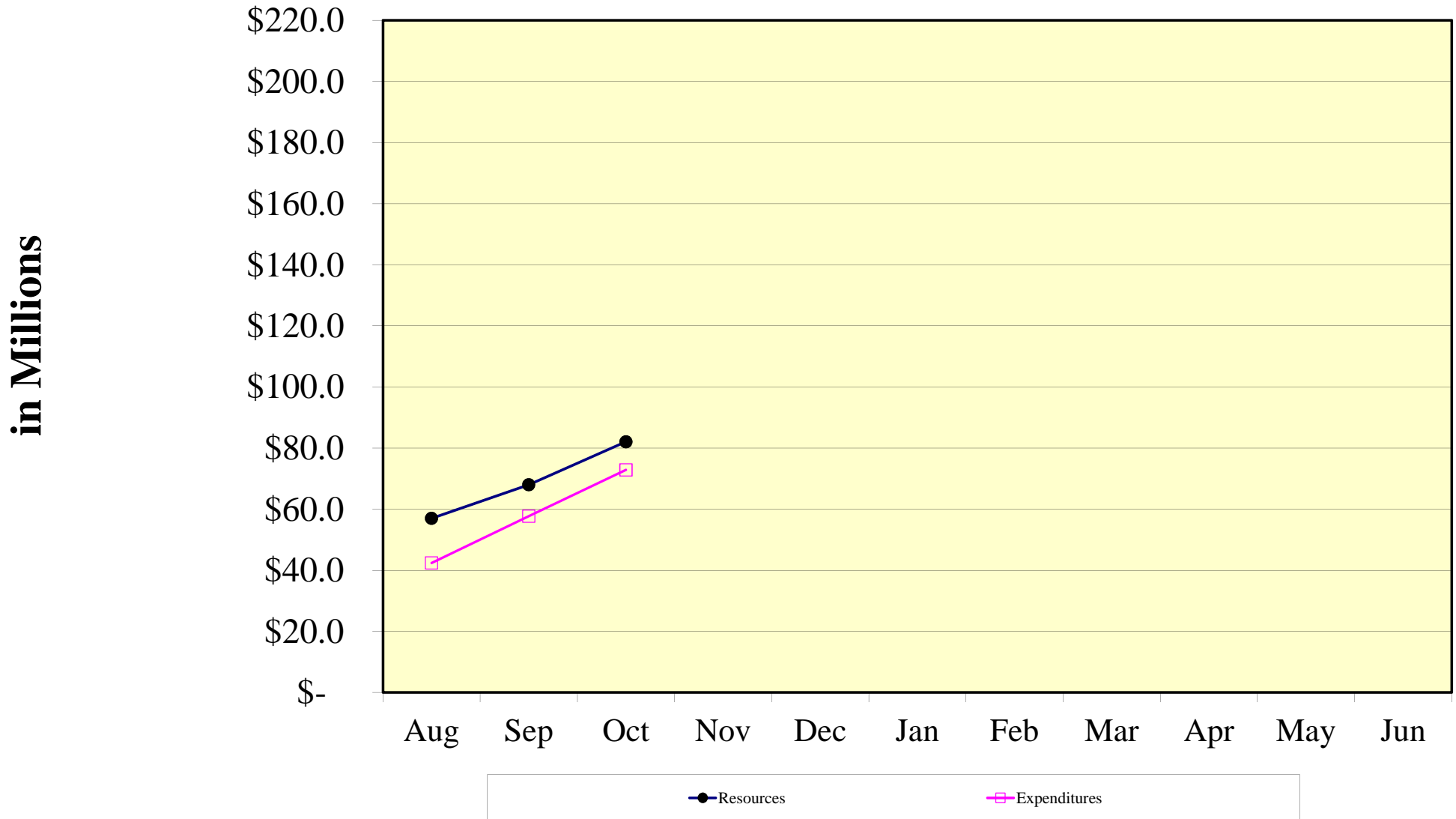
Compare YTD Expenditures between FY2013 and FY2014



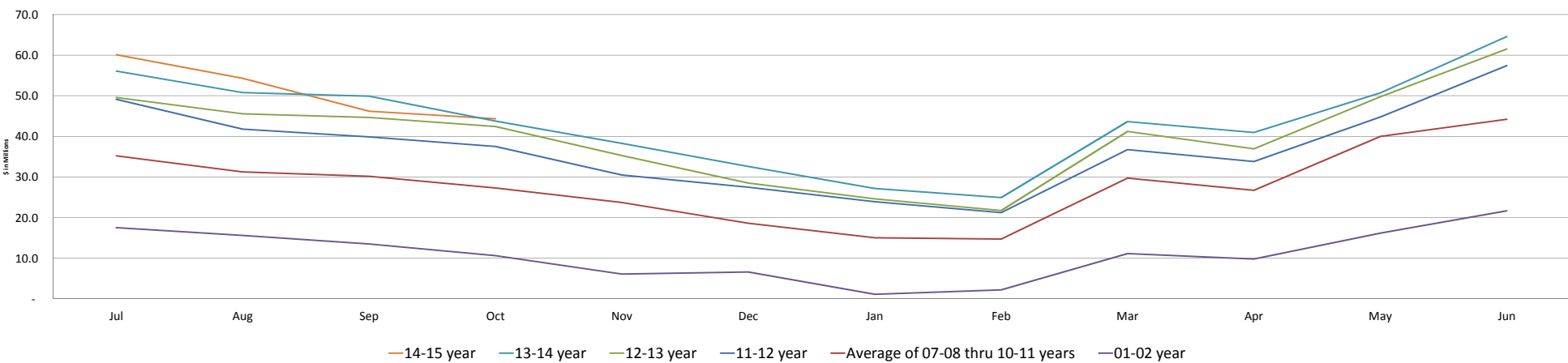
Compare FY2013-2014 Resources to Expenditures



Compare FY 2014-2015 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 Oct 2014
Percent of Year Completed - 33.3%

			Variance				Variance		
	Adjusted Budget	Actual	% of Actual Revenue to Adjusted Budget	Adjusted Budget to Actual	% of Budget	FY2014 Final Budget	FY2014 Actual	Adjusted Budget to Actual	FY2014 % of Budget
Local Revenue	\$72,390,963	\$2,489,243	3.44%	(\$69,901,720)	1.07%	\$71,124,957	\$2,756,960	(\$68,367,997)	1.24%
State Revenue	121,401,830	43,114,781	35.51%	(78,287,049)	18.56%	112,422,442	36,840,676	(75,581,766)	16.62%
Federal Revenue	2,080,000	39,487	1.90%	(2,040,513)	0.02%	2,080,000	1,912,364	(167,636)	0.86%
Total Revenue Budget	195,872,793	45,643,511	23.30%	(150,229,282)	19.65%	185,627,399	41,510,000	(144,117,399)	18.72%
Fund Balance & Transfers	36,377,689	36,377,689		0	15.66%	36,055,032	32,952,300	-3,102,732	14.86%
Total Revenue & Fund Balance	\$232,250,482	\$82,021,200		(\$150,229,282)	35.32%	\$221,682,431	\$74,462,300	(\$147,220,131)	33.59%
Object and Job Class									
Administrators									
Salaries	\$10,815,285	\$3,566,570		\$7,248,715	32.98%	\$10,460,288	\$3,276,392	\$7,183,896	31.32%
Benefits	2,528,230	802,959		1,725,271	31.76%	2,327,370	694,880	1,632,490	29.86%
Subtotal	13,343,515	4,369,529		8,973,986	32.75%	12,787,658	3,971,272	8,816,386	31.06%
Teachers									
Salaries	79,052,794	25,508,520		53,544,274	32.27%	75,481,730	23,567,618	51,914,112	31.22%
Benefits	20,041,141	6,359,803		13,681,338	31.73%	18,274,750	5,388,572	12,886,178	29.49%
Subtotal	99,093,935	31,868,323		67,225,612	32.16%	93,756,480	28,956,190	64,800,290	30.88%
Non-teaching Professionals									
Salaries	1,877,451	626,727		1,250,724	33.38%	1,781,290	533,616	1,247,674	29.96%
Benefits	501,164	162,482		338,682	32.42%	425,530	124,753	300,777	29.32%
Subtotal	2,378,615	789,209		1,589,406	33.18%	2,206,820	658,369	1,548,451	29.83%
Paraprofessionals									
Salaries	5,937,509	1,860,870		4,076,639	31.34%	5,637,033	1,579,498	4,057,535	28.02%
Benefits	1,887,349	583,139		1,304,210	30.90%	1,654,465	474,529	1,179,936	28.68%
Subtotal	7,824,858	2,444,009		5,380,849	31.23%	7,291,498	2,054,027	5,237,471	28.17%
Office & Admin Support									
Salaries	6,339,776	2,106,710		4,233,066	33.23%	6,023,130	1,902,521	4,120,609	31.59%
Benefits	1,839,170	583,637		1,255,533	31.73%	1,665,213	504,459	1,160,754	30.29%
Subtotal	8,178,946	2,690,347		5,488,599	32.89%	7,688,343	2,406,980	5,281,363	31.31%
Skilled Trades									
Salaries	6,386,752	2,094,044		4,292,708	32.79%	6,252,196	1,941,683	4,310,513	31.06%
Benefits	1,859,056	596,585		1,262,471	32.09%	1,749,818	501,852	1,247,966	28.68%
Subtotal	8,245,808	2,690,629		5,555,179	32.63%	8,002,014	2,443,535	5,558,479	30.54%
Total Salaries & Benefits									
Salaries	110,409,567	35,763,441		74,646,126	32.39%	105,635,667	32,801,328	72,834,339	31.05%
Benefits	28,656,110	9,088,605		19,567,505	31.72%	26,097,146	7,689,045	18,408,101	29.46%
Subtotal	139,065,677	44,852,046		94,213,631	32.25%	131,732,813	40,490,373	91,242,440	30.74%

General Fund
Operating Summary by Object
Year to Date through Oct 2014
Percent of Year Completed - 33.3%

	Adjusted		% of Actual Revenue to Adjusted Budget	Variance Adjusted		FY2014 Final Budget	FY2014 Actual	Variance Adjusted	
	Budget	Actual		Budget to Actual	% of Budget			Budget to Actual	FY2014 % of Budget
Non-Salaries									
Purchased Professional & Technical Services	2,198,624	855,589		1,343,035	38.91%	2,275,715	515,393	1,760,322	22.65%
Purchased Property Services	3,667,785	1,515,584		2,152,201	41.32%	3,474,780	1,752,984	1,721,796	50.45%
Other Purchased Services	5,616,335	1,901,045		3,715,290	33.85%	4,543,314	1,732,238	2,811,076	38.13%
Subtotal	11,482,744	4,272,218		7,210,526	37.21%	10,293,809	4,000,615	6,293,194	38.86%
Supplies	9,329,733	2,987,503		6,342,230	32.02%	10,497,787	2,294,079	8,203,708	21.85%
Equipment	243,515	245,683		-2,168	100.89%	156,041	98,352	57,689	63.03%
Other Expenses	427,709	193,542		234,167	45.25%	433,968	200,016	233,952	46.09%
Subtotal	10,000,957	3,426,728		6,574,229	34.26%	11,087,796	2,592,447	8,495,349	23.38%
Subtotal Expenditure Accounts	160,549,378	52,550,992		107,998,386	32.73%	153,114,418	47,083,435	106,030,983	30.75%
Transfer - Charter Schools	25,007,004	8,223,600		16,783,404	32.89%	23,335,967	7,452,557	15,883,410	31.94%
Transfer - CRCP Fund	2,371,610	2,371,610		0	100.00%	3,349,915	1,836,863	1,513,052	0.00%
Transfer - Transportation Fund	5,080,410	5,080,410		0	100.00%	4,465,052	3,330,265	1,134,787	74.59%
Transfer - Technology Fund	4,648,890	4,648,890		0	100.00%	4,262,687	3,353,746	908,941	78.68%
Subtotal	37,107,914	20,324,510		16,783,404	54.77%	35,413,621	15,973,431	19,440,190	45.11%
Total Expenditure Accounts & Transfers/Allocations	197,657,292	72,875,502		124,781,790	36.87%	188,528,039	63,056,866	125,471,173	33.45%
TABOR Reserve	4,593,000	0		4,593,000	0.00%	4,593,000	0	4,593,000	0.00%
Contingency & Other Reserves	7,186,540	0		7,186,540	0.00%	7,186,540	0	7,186,540	0.00%
Reserve for encumbrance & unanti	22,813,650	0		22,813,650	0.00%	21,374,852	0	21,374,852	0.00%
Subtotal	34,593,190	0		34,593,190	0.00%	33,154,392	0	33,154,392	0.00%
Total Appropriated Budget	\$232,250,482	\$72,875,502		\$159,374,980	31.38%	\$221,682,431	\$63,056,866	\$158,625,565	28.44%
Total Resources Over (Under)									
Total Expenditures		\$9,145,698					\$11,405,434		