

ACADEMY 20 BOARD OF EDUCATION
December 10, 2015

Subject: Monthly Financial Report through October 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: November 24, 2015

MEMORANDUM

TO: Dr. Mark Hatchell, Superintendent
Board of Education

FROM: Tom Gregory, Chief Financial Officer

DATE: November 24, 2015

SUBJECT: October Financial Report

REVENUES

Graph #1 and Table #1 show that through October we have collected about 20.0% 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 17.7%. 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 4 months of the year complete (33.3%), spending, which includes total appropriation, is at 31.6%. 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 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 (36.3%) are comparable to last year (31.1%), especially when compared to the 36.9% presented in the October 2014 monthly financials. 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 will transfer \$15,892,325, the required amounts for December principal and interest payments, to our bond paying agents. The current account balance of \$23,761,494 is sufficient to provide the amount necessary for the December 2015 payments.

Investments	Oct-15	Sep-15	Aug-15	Jul-15	Jun-15
General Fund Account					
Colotrust	43,439,649	49,232,839	54,122,379	61,302,030	65,316,255
Total General Fund	43,439,649	49,232,839	54,122,379	61,302,030	65,316,255
TABOR Account					
Colotrust	5,132,000	4,853,000	4,853,000	4,853,000	4,853,000
Total TABOR	5,132,000	4,853,000	4,853,000	4,853,000	4,853,000
Bond Redemption Account	23,761,494				
Wells Fargo - Colotrust	23,761,494	23,700,797	23,676,216	23,502,804	23,431,896
Total Bond Redemption	23,761,494	23,700,797	23,676,216	23,502,804	23,431,896
Total Investments	\$72,333,143	\$77,786,636	\$82,651,595	\$89,657,834	\$93,601,151

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.

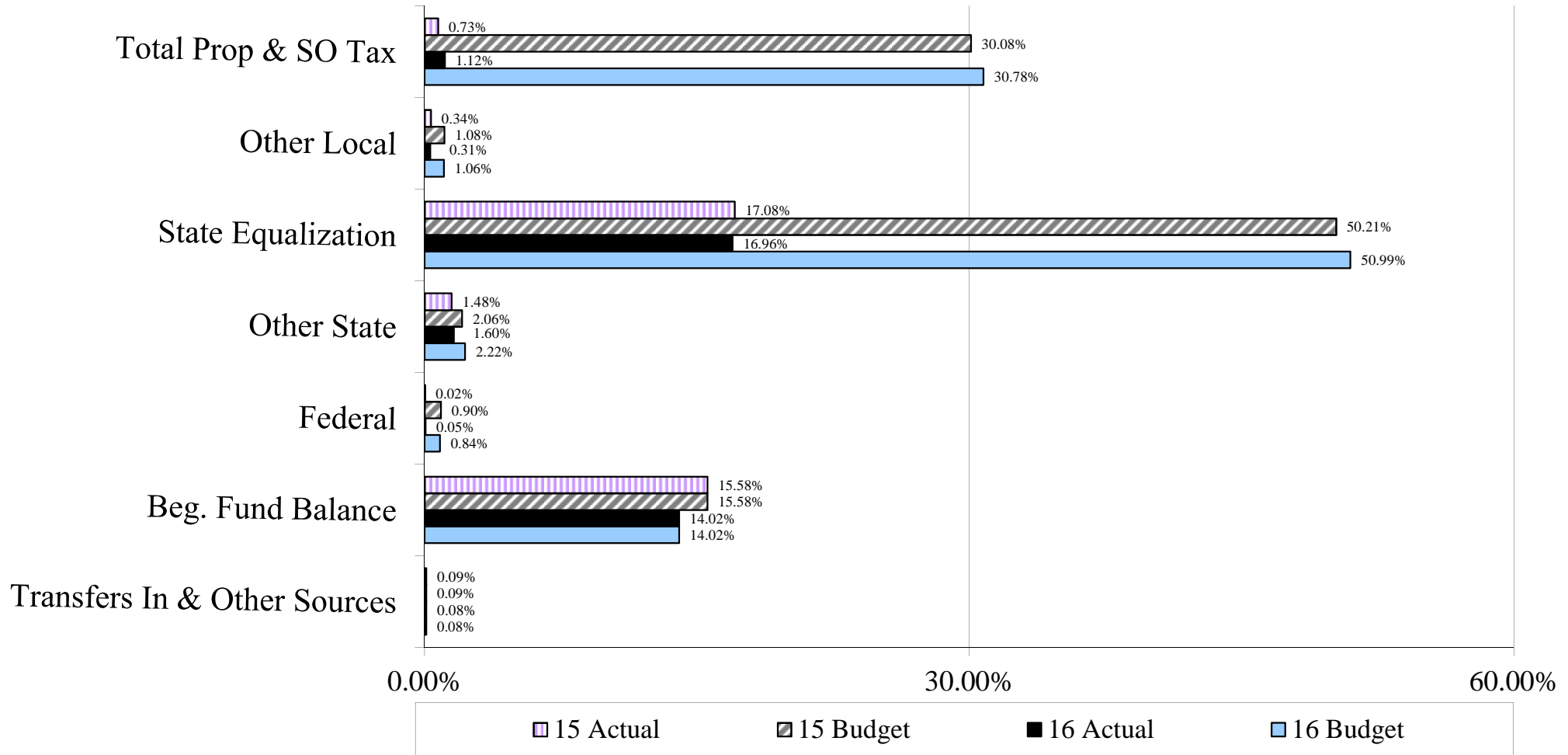
October 2015

General Fund

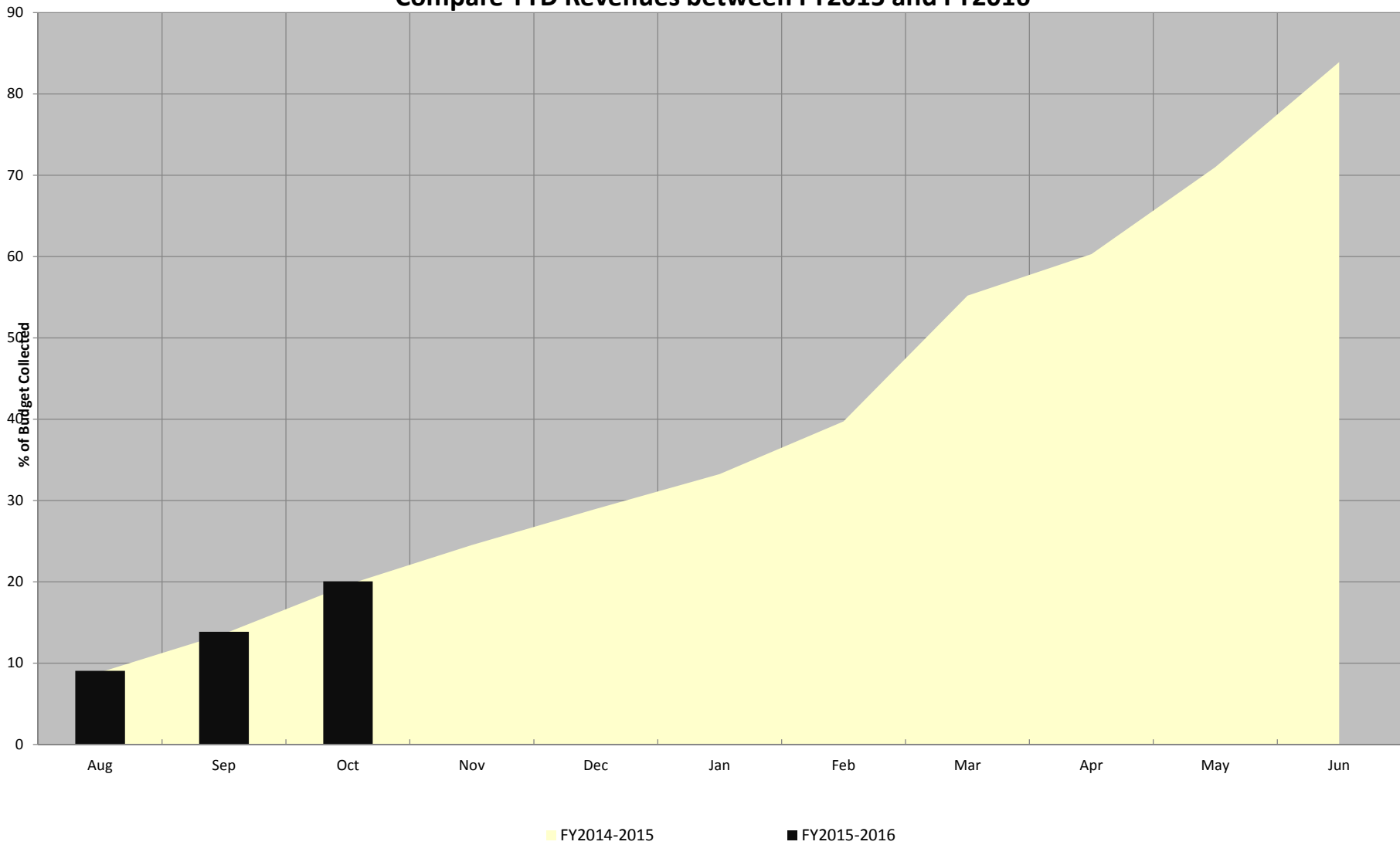
Financial Report

General Fund Major Revenue Categories

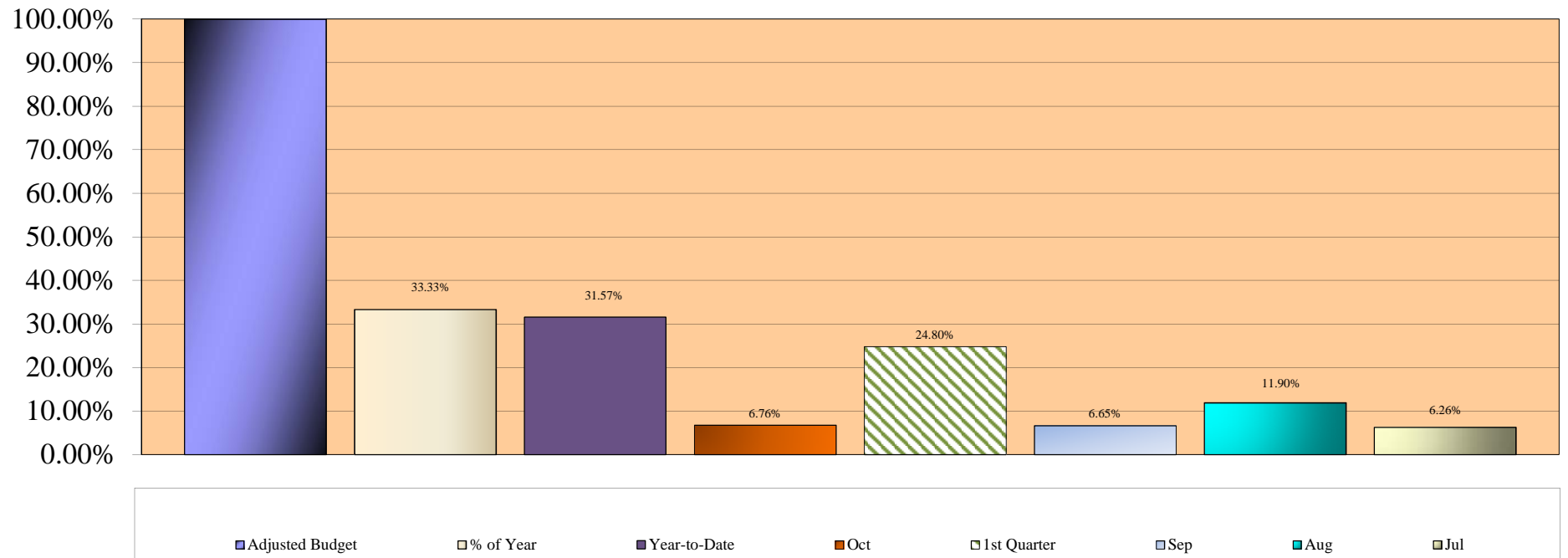
Year-to-Date Budget to Actual through October 2015 Compared to Year-to-Date Budget to Actual through October 2014



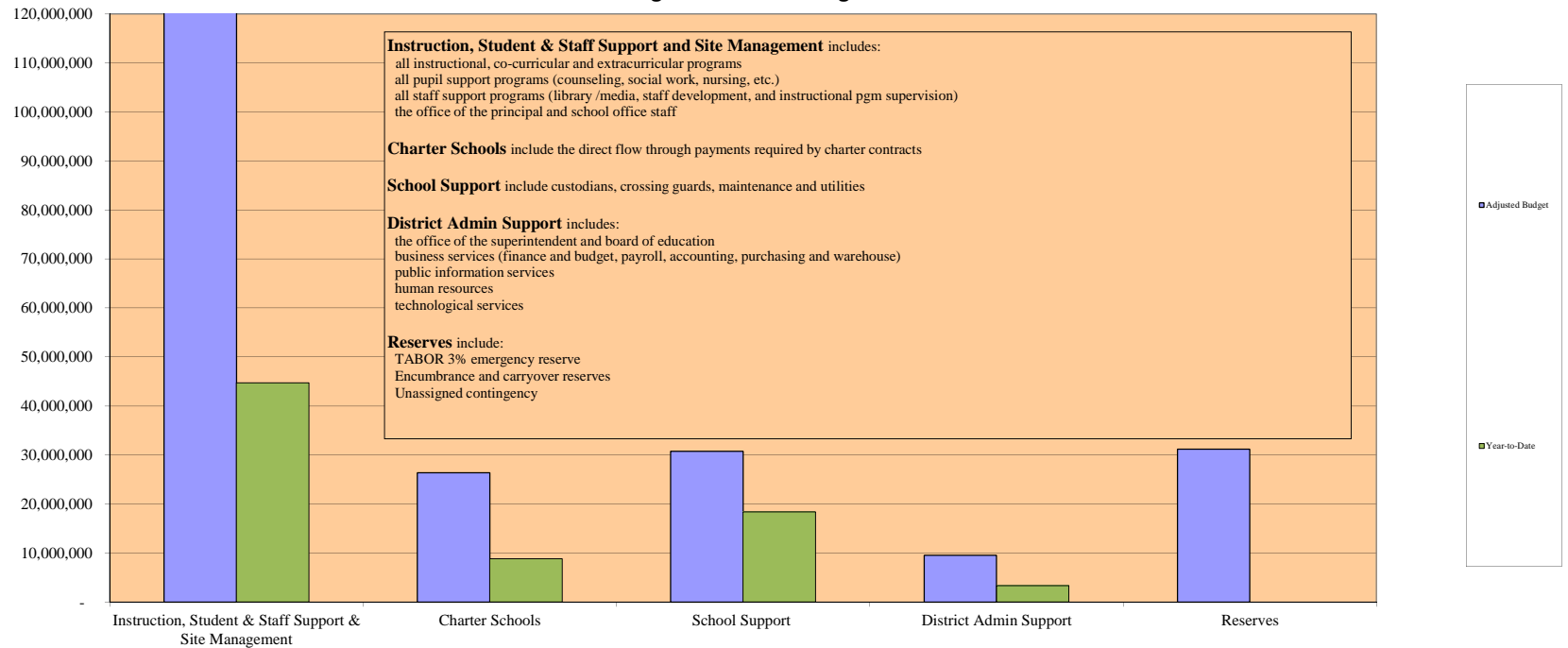
Compare YTD Revenues between FY2015 and FY2016



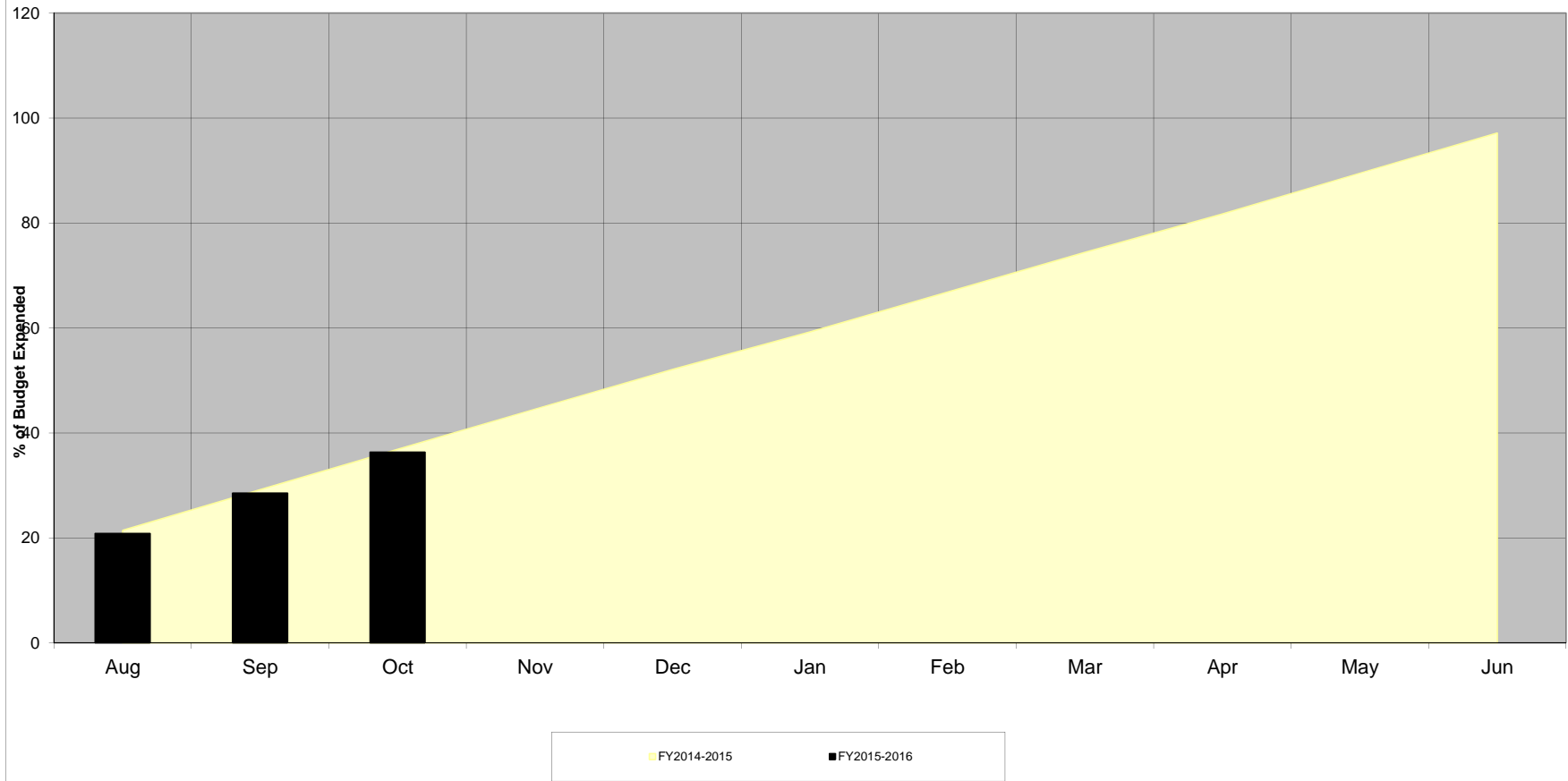
General Fund Total Expenditures Budget to Actual Comparison by Month and Year-to-Date - Unaudited



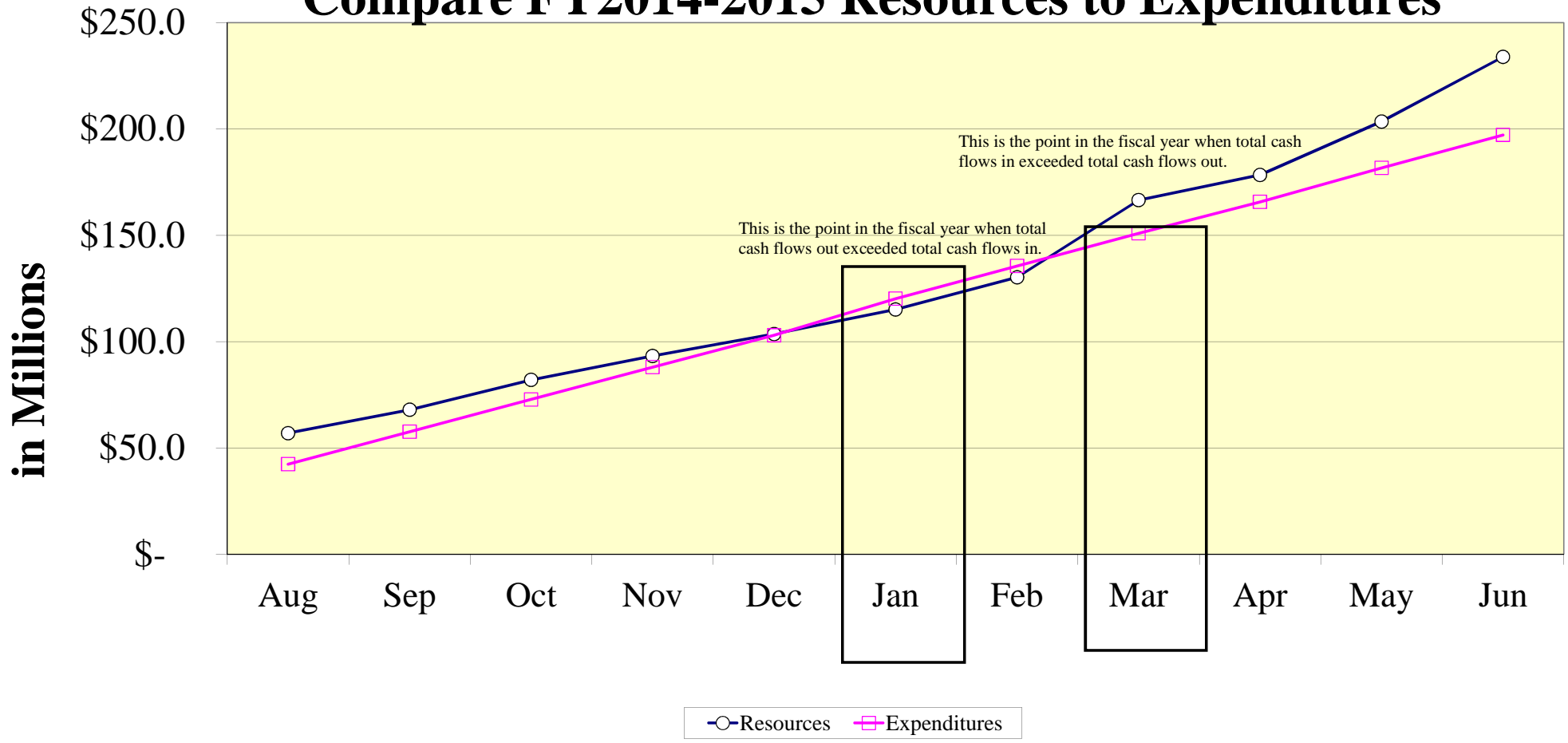
**General Fund Expenditures Budget To Actual by Major Program Category
Year-to-Date Budget to Actual through October 2015**



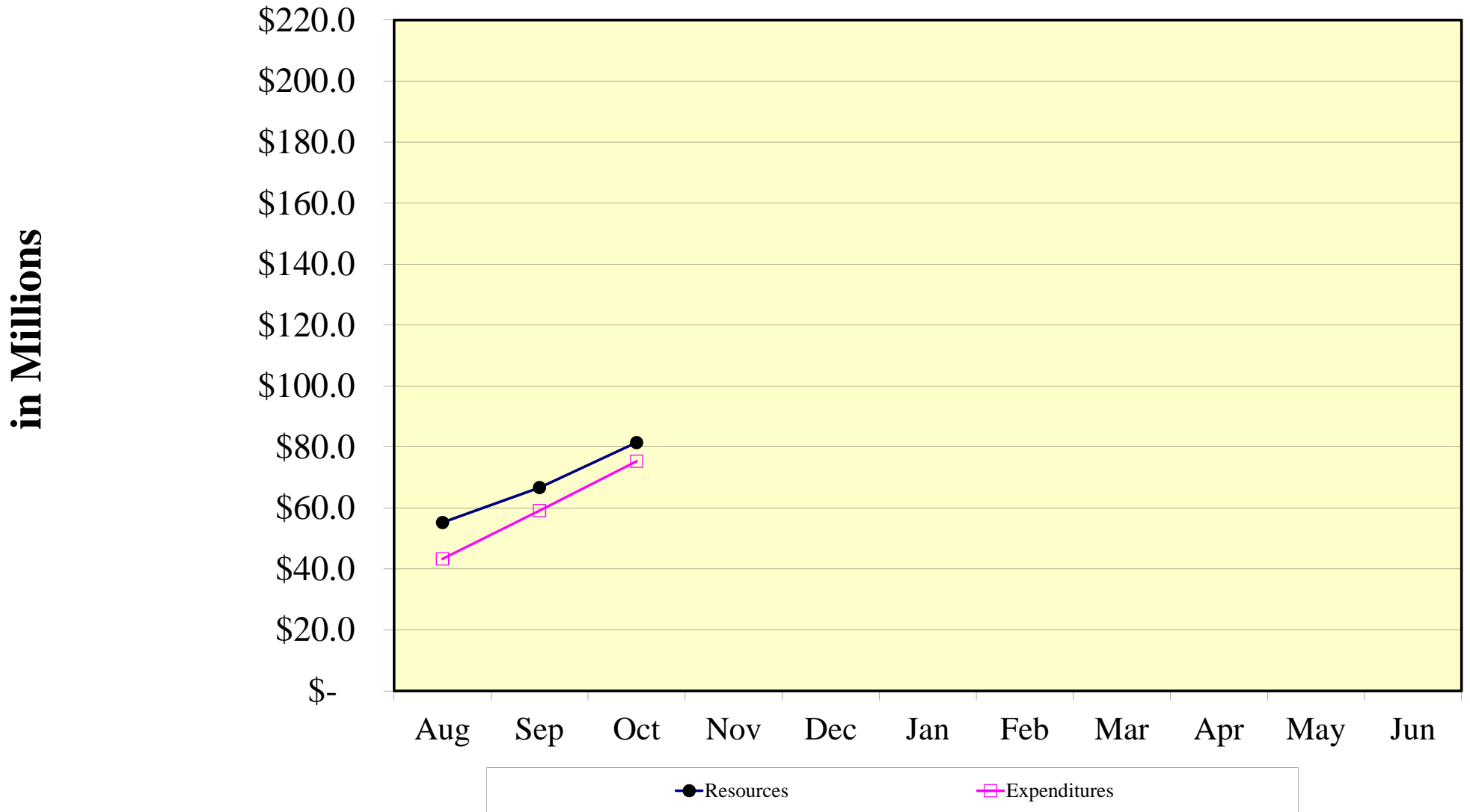
Compare YTD Expenditures between FY2015 and FY2016



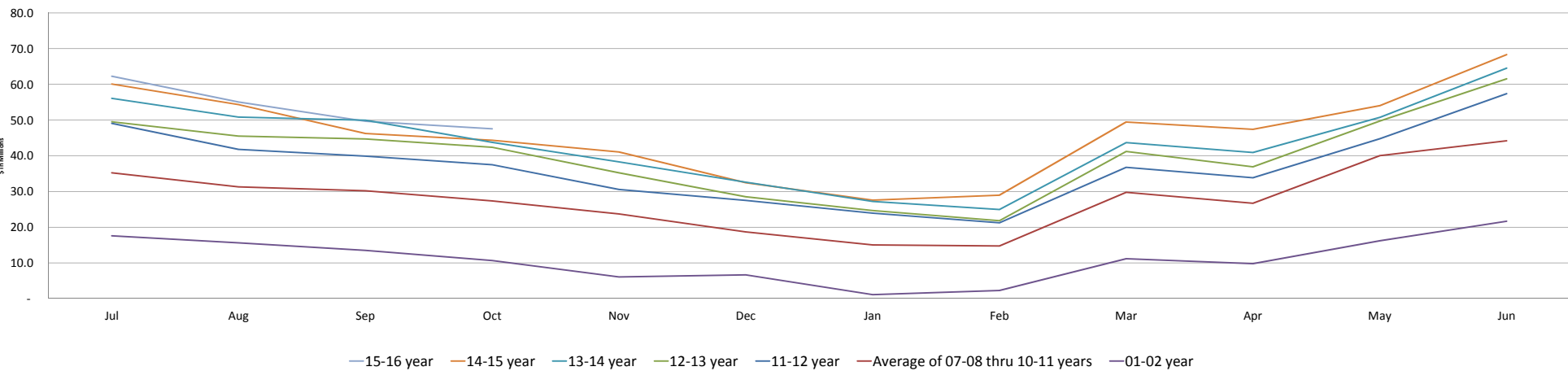
Compare FY2014-2015 Resources to Expenditures



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 Oct 2015
Percent of Year Completed - 33.3%

	Adjusted		% of Actual Revenue to Adjusted Budget	Variance Adjusted Budget to Actual		FY2015		Variance Adjusted Budget to Actual		FY2014
	Budget	Actual		Budget to Actual	% of Budget	Final Budget	Actual	Budget to Actual	% of Budget	
Local Revenue	\$75,918,313	\$3,396,390	4.47%	(\$72,521,923)	1.42%	\$74,042,899	\$2,756,960	(\$71,285,939)	1.18%	
State Revenue	126,864,353	44,259,783	34.89%	(82,604,570)	18.56%	121,039,299	36,840,676	(84,198,623)	15.72%	
Federal Revenue	<u>2,000,000</u>	<u>118,200</u>	<u>5.91%</u>	<u>(1,881,800)</u>	<u>0.05%</u>	<u>2,100,000</u>	<u>1,912,364</u>	<u>(187,636)</u>	<u>0.82%</u>	
Total Revenue Budget	204,782,666	47,774,373	23.33%	(157,008,293)	20.04%	197,182,198	41,510,000	(155,672,198)	17.71%	
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>32,952,300</u>	<u>-4,256,167</u>	<u>14.06%</u>	
Total Revenue & Fund Balance	<u>\$238,419,552</u>	<u>\$81,411,259</u>		<u>(\$157,008,293)</u>	<u>34.15%</u>	<u>\$234,390,665</u>	<u>\$74,462,300</u>	<u>(\$159,928,365)</u>	<u>31.77%</u>	
Object and Job Class										
Administrators										
Salaries	\$11,356,775	\$3,655,137		\$7,701,638	32.18%	\$10,867,345	\$3,276,392	\$7,590,953	30.15%	
Benefits	<u>2,692,900</u>	<u>862,664</u>		<u>1,830,236</u>	<u>32.03%</u>	<u>2,538,320</u>	<u>694,880</u>	<u>1,843,440</u>	<u>27.38%</u>	
Subtotal	14,049,675	4,517,801		9,531,874	32.16%	13,405,665	3,971,272	9,434,393	29.62%	
Teachers										
Salaries	82,325,771	26,057,190		56,268,581	31.65%	79,146,054	23,567,618	55,578,436	29.78%	
Benefits	<u>20,823,421</u>	<u>6,756,354</u>		<u>14,067,067</u>	<u>32.45%</u>	<u>20,048,394</u>	<u>5,388,572</u>	<u>14,659,822</u>	<u>26.88%</u>	
Subtotal	103,149,192	32,813,544		70,335,648	31.81%	99,194,448	28,956,190	70,238,258	29.19%	
Non-teaching Professionals										
Salaries	2,004,620	646,361		1,358,259	32.24%	1,977,397	533,616	1,443,781	26.99%	
Benefits	<u>511,570</u>	<u>171,817</u>		<u>339,753</u>	<u>33.59%</u>	<u>517,191</u>	<u>124,753</u>	<u>392,438</u>	<u>24.12%</u>	
Subtotal	2,516,190	818,178		1,698,012	32.52%	2,494,588	658,369	1,836,219	26.39%	
Paraprofessionals										
Salaries	6,386,424	1,960,293		4,426,131	30.69%	5,958,725	1,579,498	4,379,227	26.51%	
Benefits	<u>2,050,178</u>	<u>626,266</u>		<u>1,423,912</u>	<u>30.55%</u>	<u>1,900,355</u>	<u>474,529</u>	<u>1,425,826</u>	<u>24.97%</u>	
Subtotal	8,436,602	2,586,559		5,850,043	30.66%	7,859,080	2,054,027	5,805,053	26.14%	
Office & Admin Support										
Salaries	6,536,073	2,112,018		4,424,055	32.31%	6,337,185	1,902,521	4,434,664	30.02%	
Benefits	<u>1,865,156</u>	<u>611,806</u>		<u>1,253,350</u>	<u>32.80%</u>	<u>1,837,991</u>	<u>504,459</u>	<u>1,333,532</u>	<u>27.45%</u>	
Subtotal	8,401,229	2,723,824		5,677,405	32.42%	8,175,176	2,406,980	5,768,196	29.44%	
Skilled Trades										
Salaries	6,639,620	2,092,920		4,546,700	31.52%	6,426,238	1,941,683	4,484,555	30.21%	
Benefits	<u>2,053,840</u>	<u>618,262</u>		<u>1,435,578</u>	<u>30.10%</u>	<u>1,859,056</u>	<u>501,852</u>	<u>1,357,204</u>	<u>26.99%</u>	
Subtotal	8,693,460	2,711,182		5,982,278	31.19%	8,285,294	2,443,535	5,841,759	29.49%	
Total Salaries & Benefits										
Salaries	115,249,283	36,523,919		78,725,364	31.69%	110,712,944	32,801,328	77,911,616	29.63%	
Benefits	<u>29,997,065</u>	<u>9,647,169</u>		<u>20,349,896</u>	<u>32.16%</u>	<u>28,701,307</u>	<u>7,689,045</u>	<u>21,012,262</u>	<u>26.79%</u>	
Subtotal	145,246,348	46,171,088		99,075,260	31.79%	139,414,251	40,490,373	98,923,878	29.04%	

General Fund
Operating Summary by Object
Year to Date through Oct 2015
Percent of Year Completed - 33.3%

	Adjusted		% of Actual Revenue to Adjusted Budget	Variance Adjusted		FY2015 Final Budget	FY2015 Actual	Variance Adjusted	
	Budget	Actual		Budget to Actual	% of Budget			Budget to Actual	FY2014 % of Budget
Non-Salaries									
Purchased Professional & Technical Services	2,122,960	888,992		1,233,968	41.88%	2,416,258	515,393	1,900,865	21.33%
Purchased Property Services	3,671,040	1,455,056		2,215,984	39.64%	3,780,569	1,752,984	2,027,585	46.37%
Other Purchased Services	6,575,379	2,176,587		4,398,792	33.10%	6,869,587	1,732,238	5,137,349	25.22%
Subtotal	12,369,379	4,520,635		7,848,744	36.55%	13,066,414	4,000,615	9,065,799	30.62%
Supplies	9,726,699	2,692,161		7,034,538	27.68%	10,628,837	2,294,079	8,334,758	21.58%
Equipment	250,224	177,058		73,166	70.76%	437,767	98,352	339,415	22.47%
Other Expenses	542,985	215,027		327,958	39.60%	532,469	200,016	332,453	37.56%
Subtotal	10,519,908	3,084,246		7,435,662	29.32%	11,599,073	2,592,447	9,006,626	22.35%
Subtotal Expenditure Accounts	168,135,635	53,775,969		114,359,666	31.98%	164,079,738	47,083,435	116,996,303	28.70%
Transfer - Charter Schools	26,396,701	8,798,900		17,597,801	33.33%	25,523,578	7,452,557	18,071,021	29.20%
Transfer - CRCP Fund	2,385,905	2,385,905		0	100.00%	3,252,470	1,836,863	1,415,607	56.48%
Transfer - Transportation Fund	5,330,245	5,330,245		0	100.00%	5,090,190	3,330,265	1,759,925	65.43%
Transfer - Technology Fund	4,968,665	4,968,665		0	100.00%	5,058,490	3,353,746	1,704,744	66.30%
Subtotal	39,081,516	21,483,715		17,597,801	54.97%	38,924,728	15,973,431	22,951,297	41.04%
Total Expenditure Accounts & Transfers/Allocations	207,217,151	75,259,684		131,957,467	36.32%	203,004,466	63,056,866	139,947,600	31.06%
TABOR Reserve	4,853,000	0		4,853,000	0.00%	4,853,000	0	4,853,000	0.00%
Contingency & Other Reserves	6,768,161	0		6,768,161	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	31,202,401	0		31,202,401	0.00%	31,386,199	0	31,386,199	0.00%
Total Appropriated Budget	\$238,419,552	\$75,259,684		\$163,159,868	31.57%	\$234,390,665	\$63,056,866	\$171,333,799	26.90%
Total Resources Over (Under)									
Total Expenditures		\$6,151,575					\$11,405,434		