

ACADEMY 20 BOARD OF EDUCATION
November 17, 2016

Subject: Monthly Financial Report through October 2016.

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: November 8, 2016

MEMORANDUM

TO: Dr. Mark Hatchell, Superintendent
Board of Education

FROM: Tom Gregory, District Fiscal Officer

DATE: November 8, 2016

SUBJECT: October Financial Report

REVENUES

Graph #1 and Table #1 show that through October we have collected about 20.4% 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 19.6%. 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 FY2016. It is in these months that the majority of property taxes are paid to the district. Collections for FY2017 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 31.5%. 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 2015-2016 salary schedule and will require an accrual for July and August 2017 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 2016-2017 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 (36.1%) are comparable to last year (35.7%). 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 FY2016 was virtually a straight line. The trend for FY2017 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 FY2016-2017 revenues and expenditures to FY2015-2016. Budget information presented for FY2015-2016 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 2016. The main reasons were due to the full transfers made to the CRCP, Transportation and Technology Funds in July 2015 and property taxes not collected until the spring 2016. It is important to note that in March 2016, 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 ten fiscal years were such that we did not borrow funds from any external source. On June 16, 2016 the Board passed interfund borrowing resolution 171-16 for fiscal year 2016-2017. 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 \$15,979,614, the required amounts for December principal and interest payments, to our bond paying agents. The current account balance of \$26,095,307 is sufficient to provide the amount necessary for the December 2016 payments.

Investments	Oct-16	Sep-16	Aug-16	Jul-16	Jun-16
General Fund Account					
Colotrust	47,355,033	50,859,865	58,981,561	64,302,713	69,344,387
Total General Fund	47,355,033	50,859,865	58,981,561	64,302,713	69,344,387
TABOR Account					
Colotrust	5,132,000	5,132,000	5,132,000	5,132,000	5,132,000
Total TABOR	5,132,000	5,132,000	5,132,000	5,132,000	5,132,000
Bond Redemption Account					
Wells Fargo - Colotrust	26,095,307	26,029,801	25,957,690	25,779,026	25,725,997
Total Bond Redemption	26,095,307	26,029,801	25,957,690	25,779,026	25,725,997
Total Investments	\$78,582,340	\$82,021,666	\$90,071,251	\$95,213,739	\$100,202,384

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.

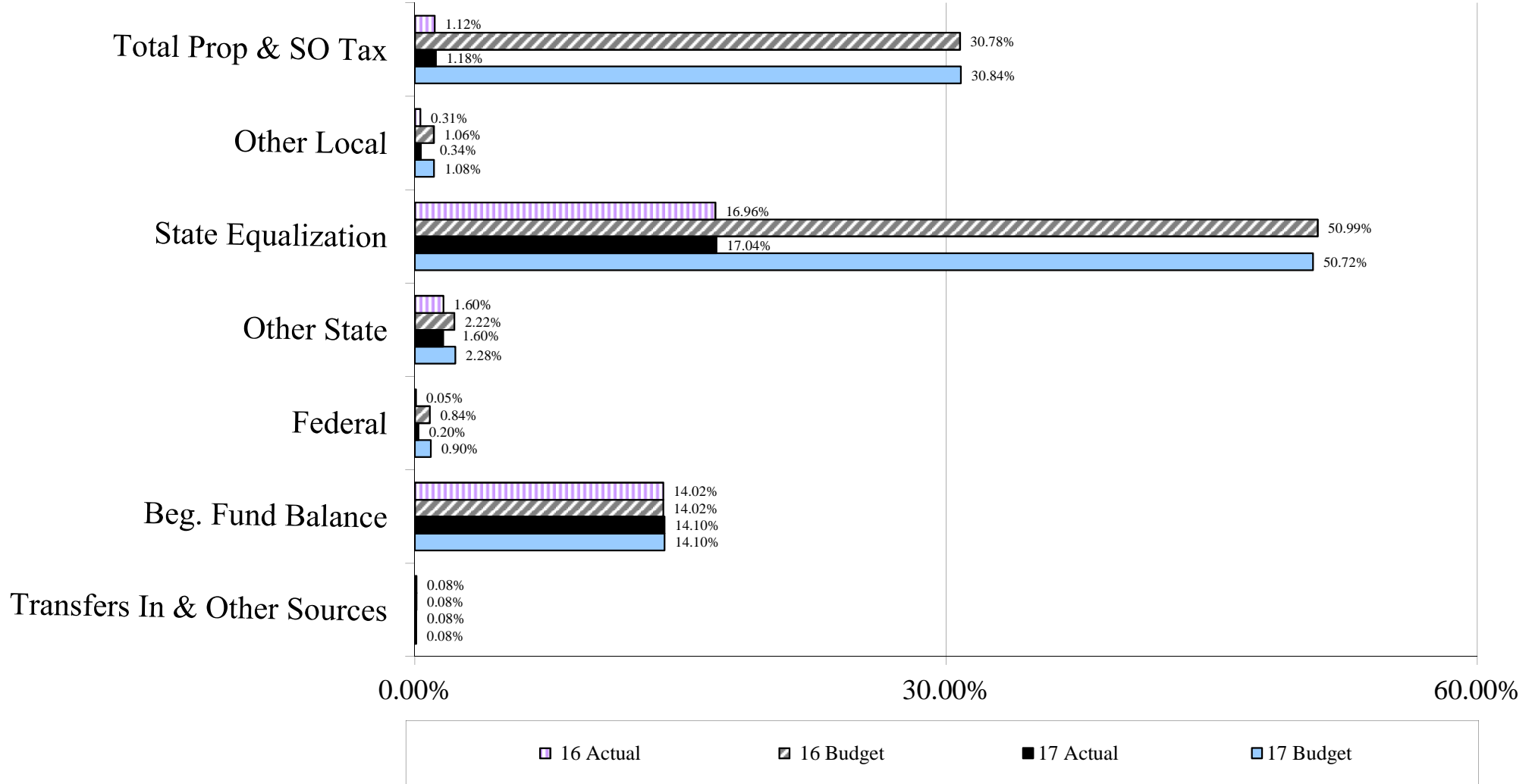
October 2016

General Fund

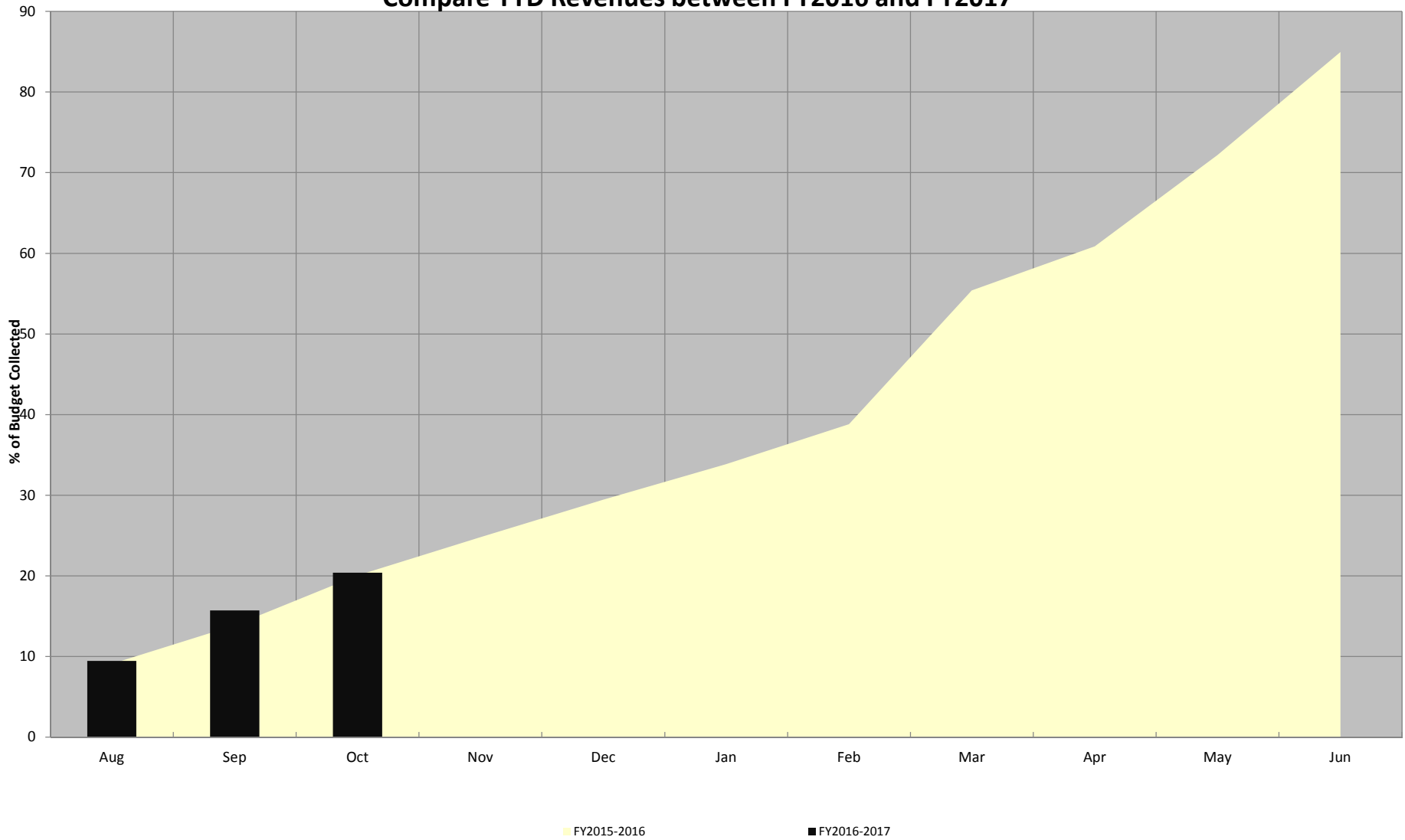
Financial Report

General Fund Major Revenue Categories

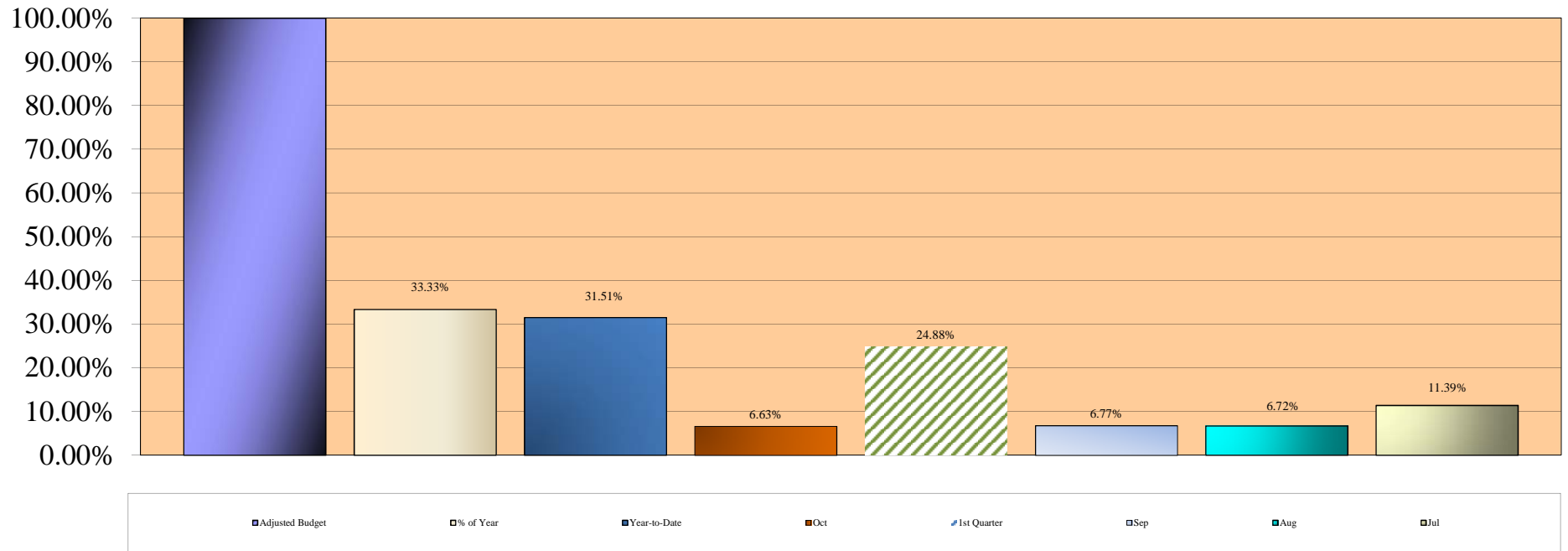
Year-to-Date Budget to Actual through October 2016 Compared to Year-to-Date Budget to Actual through October 2015



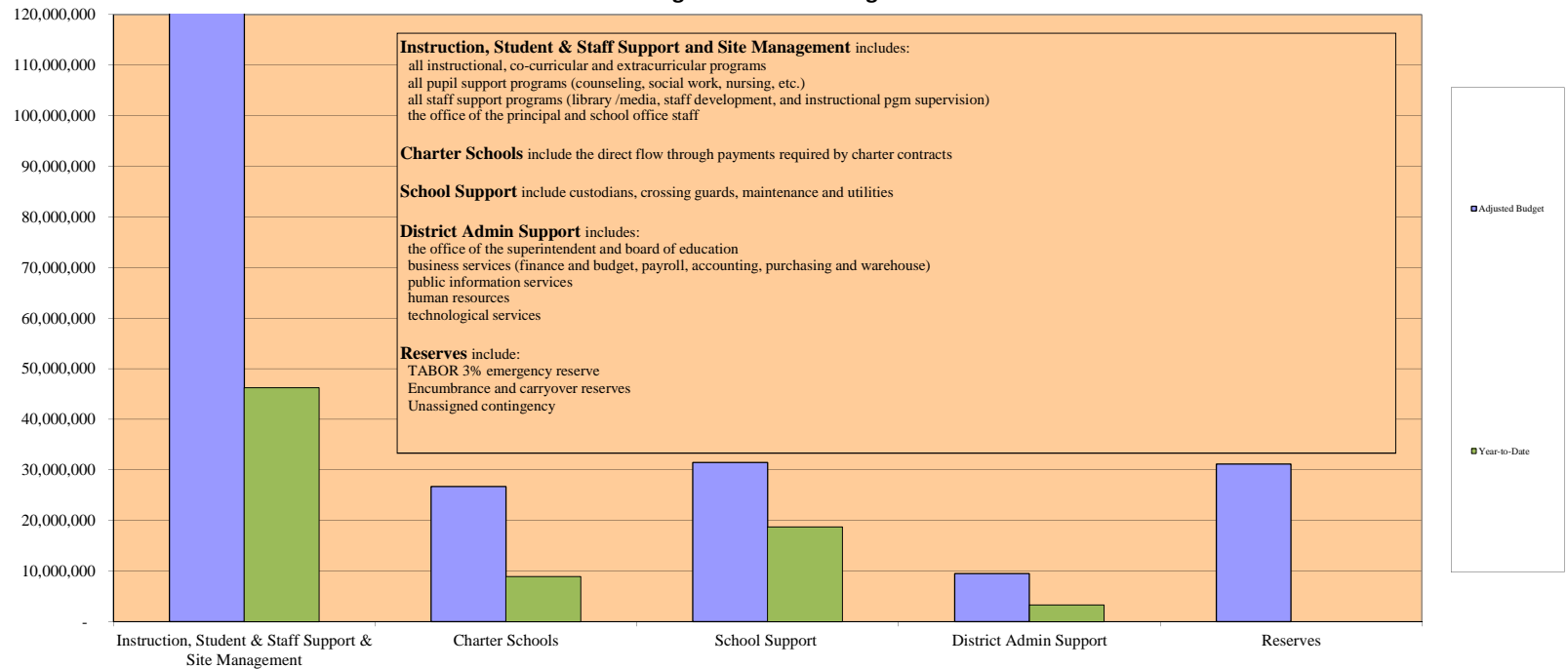
Compare YTD Revenues between FY2016 and FY2017



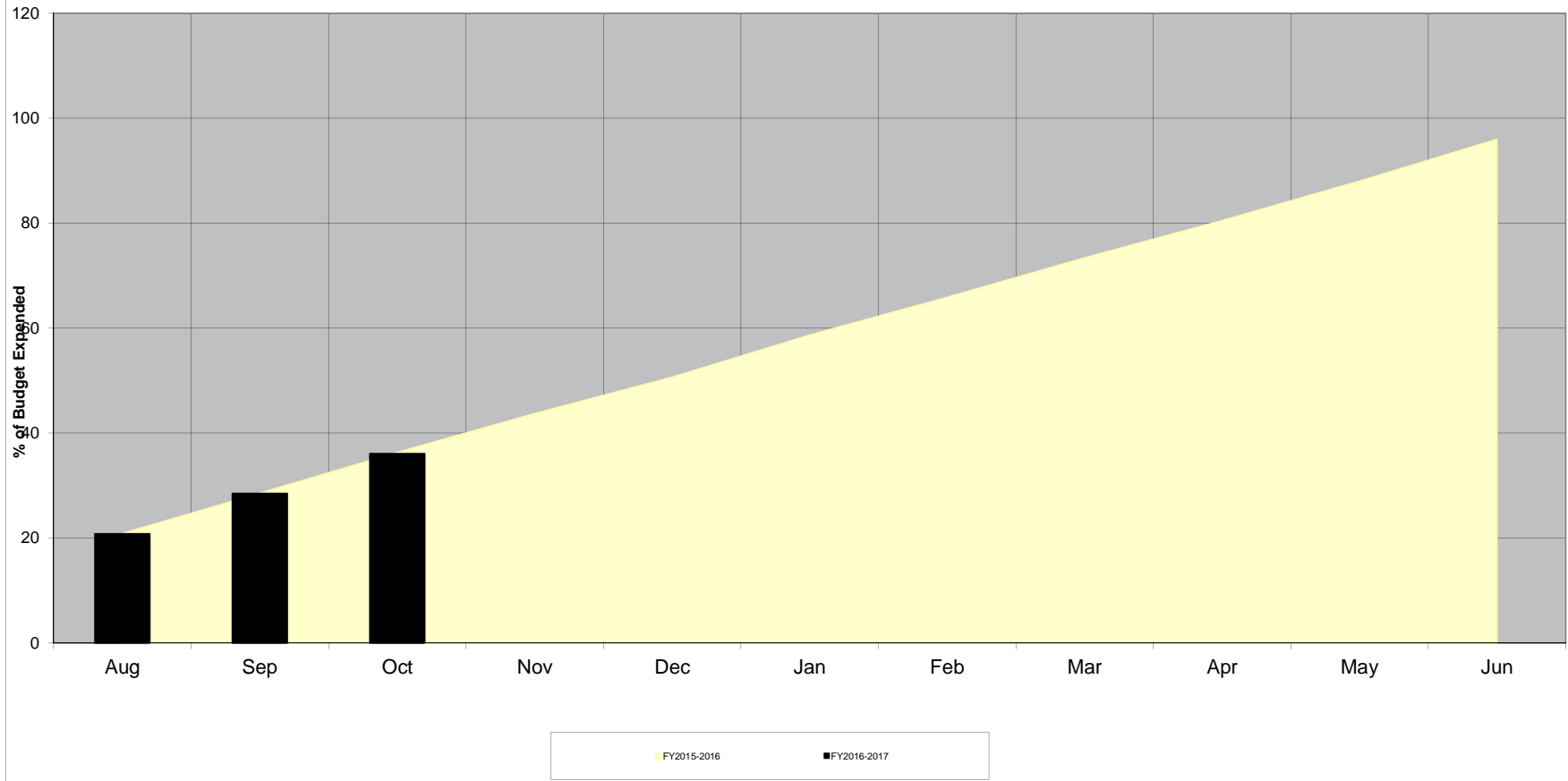
General Fund Total Expenditures Budget to Actual Comparison by Month and Year-to-Date - Unaudited



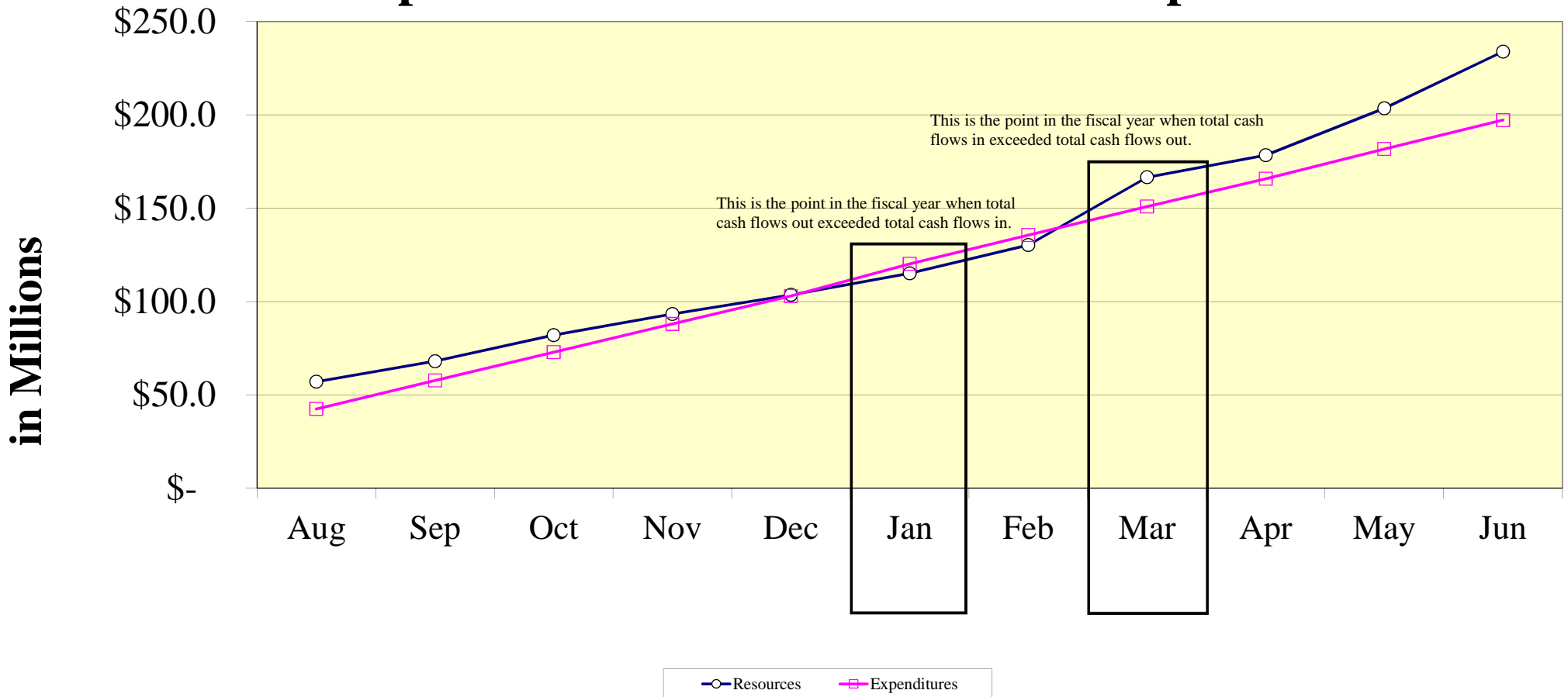
**General Fund Expenditures Budget To Actual by Major Program Category
Year-to-Date Budget to Actual through October 2016**



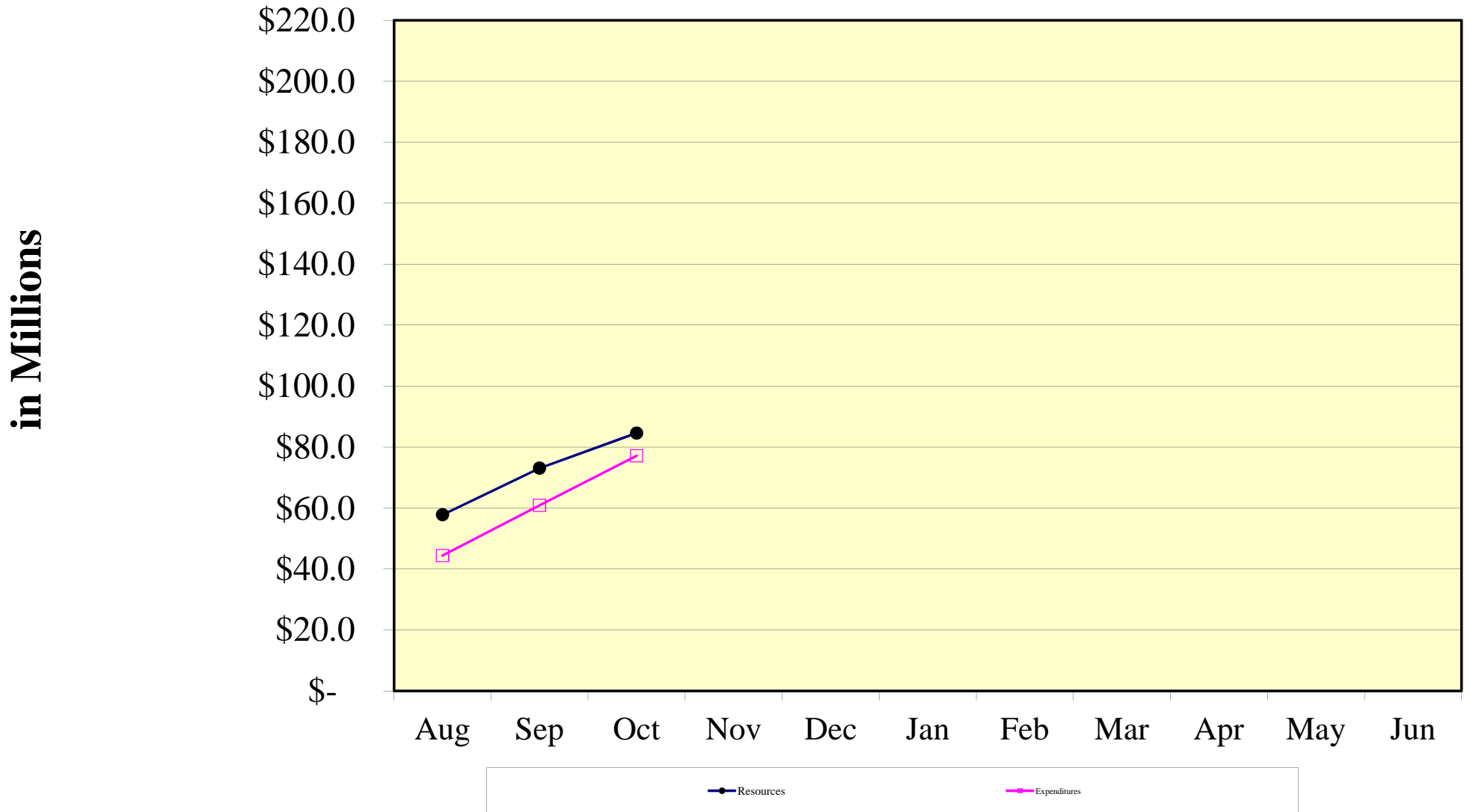
Compare YTD Expenditures between FY2016 and FY2017



Compare FY2015-2016 Resources to Expenditures

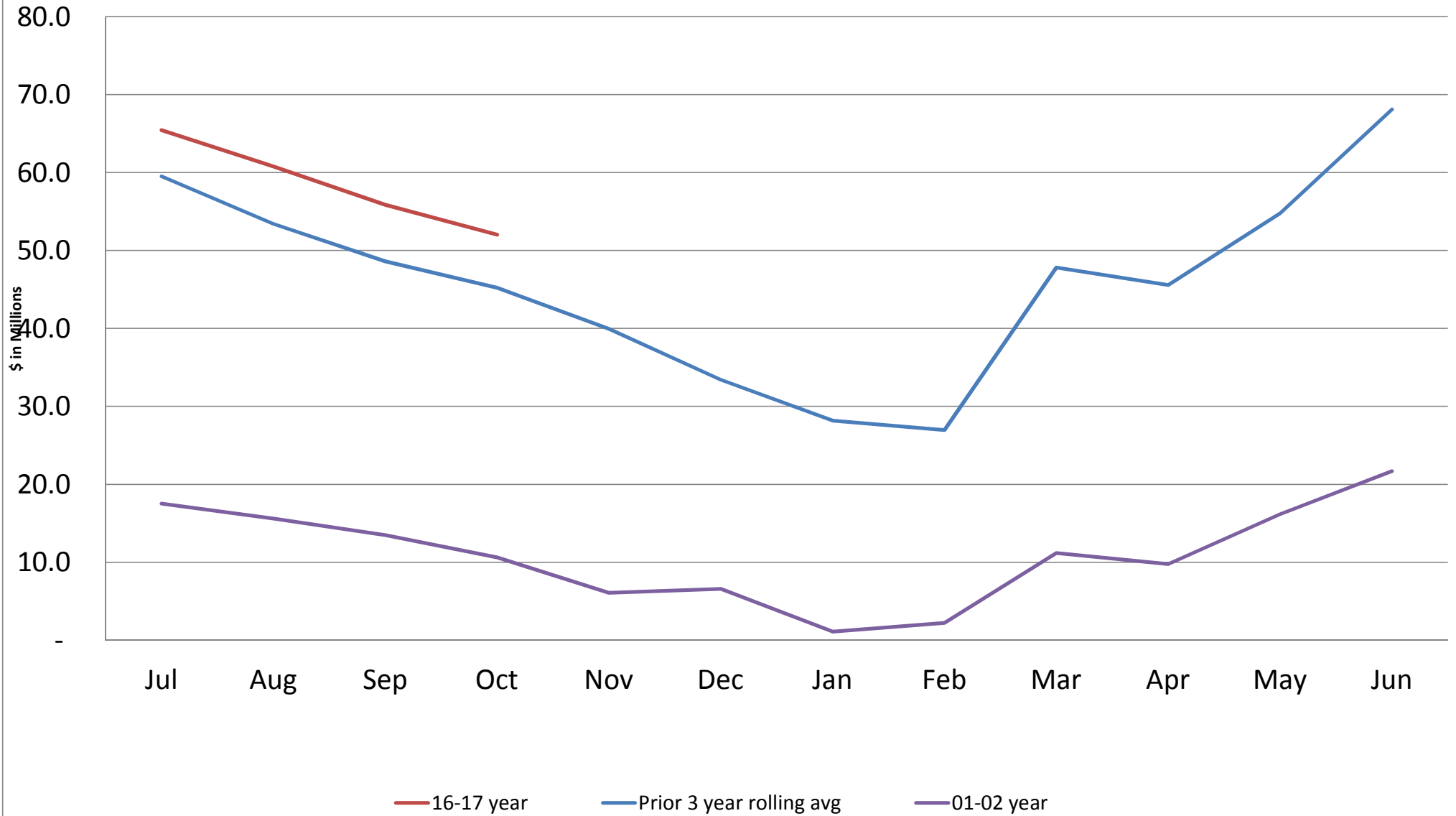


Compare FY 2016-2017 Resources to Expenditures



Cash & Investments Available to Meet Operating Needs

(excludes TABOR reserve and Debt Service)



General Fund
Operating Summary by Object
Year to Date through Oct 2016
Percent of Year Completed - 33.3%

	Adjusted	Actual	% of Actual	Variance	% of	FY2016	FY2016	Variance	FY2016
	Budget		Revenue to	Adjusted Budget to	Actual			Budget	
			Adjusted Budget	Budget to	Budget	Final Budget	Actual	Budget to	Budget
Local Revenue	\$78,125,524	\$3,736,881	4.78%	(\$74,388,643)	1.53%	\$76,920,094	\$3,396,390	(\$73,523,704)	1.40%
State Revenue	129,728,607	45,630,335	35.17%	(84,098,272)	18.64%	126,520,034	44,259,783	(82,260,251)	18.18%
Federal Revenue	<u>2,199,000</u>	<u>494,452</u>	<u>22.49%</u>	<u>(1,704,548)</u>	<u>0.20%</u>	<u>2,349,000</u>	<u>118,200</u>	<u>(2,230,800)</u>	<u>0.05%</u>
Total Revenue Budget	210,053,131	49,861,668	23.74%	(160,191,463)	20.37%	205,789,128	47,774,373	(158,014,755)	19.63%
Fund Balance & Transfers	<u>34,707,202</u>	<u>34,707,202</u>		<u>0</u>	<u>14.18%</u>	<u>37,598,778</u>	<u>33,636,886</u>	<u>-3,961,892</u>	<u>13.82%</u>
Total Revenue & Fund Balance	<u>\$244,760,333</u>	<u>\$84,568,870</u>		<u>(\$160,191,463)</u>	<u>34.55%</u>	<u>\$243,387,906</u>	<u>\$81,411,259</u>	<u>(\$161,976,647)</u>	<u>33.45%</u>
Object and Job Class									
Administrators									
Salaries	\$11,491,270	\$3,812,189		\$7,679,081	33.17%	\$11,275,815	\$3,655,137	\$7,620,678	32.42%
Benefits	<u>2,863,450</u>	<u>926,818</u>		<u>1,936,632</u>	<u>32.37%</u>	<u>2,773,860</u>	<u>862,664</u>	<u>1,911,196</u>	<u>31.10%</u>
Subtotal	14,354,720	4,739,007		9,615,713	33.01%	14,049,675	4,517,801	9,531,874	32.16%
Teachers									
Salaries	83,996,989	26,478,111		57,518,878	31.52%	81,543,620	26,057,190	55,486,430	31.95%
Benefits	<u>22,339,792</u>	<u>7,025,561</u>		<u>15,314,231</u>	<u>31.45%</u>	<u>21,008,757</u>	<u>6,756,354</u>	<u>14,252,403</u>	<u>32.16%</u>
Subtotal	106,336,781	33,503,672		72,833,109	31.51%	102,552,377	32,813,544	69,738,833	32.00%
Non-teaching Professionals									
Salaries	2,042,220	713,534		1,328,686	34.94%	2,009,413	646,361	1,363,052	32.17%
Benefits	<u>600,970</u>	<u>185,255</u>		<u>415,715</u>	<u>30.83%</u>	<u>535,692</u>	<u>171,817</u>	<u>363,875</u>	<u>32.07%</u>
Subtotal	2,643,190	898,789		1,744,401	34.00%	2,545,105	818,178	1,726,927	32.15%
Paraprofessionals									
Salaries	6,995,108	2,082,293		4,912,815	29.77%	6,528,552	1,960,293	4,568,259	30.03%
Benefits	<u>2,489,257</u>	<u>666,154</u>		<u>1,823,103</u>	<u>26.76%</u>	<u>2,324,137</u>	<u>626,266</u>	<u>1,697,871</u>	<u>26.95%</u>
Subtotal	9,484,365	2,748,447		6,735,918	28.98%	8,852,689	2,586,559	6,266,130	29.22%
Office & Admin Support									
Salaries	6,526,680	2,103,448		4,423,232	32.23%	6,491,076	2,112,018	4,379,058	32.54%
Benefits	<u>2,066,600</u>	<u>623,460</u>		<u>1,443,140</u>	<u>30.17%</u>	<u>2,043,529</u>	<u>611,806</u>	<u>1,431,723</u>	<u>29.94%</u>
Subtotal	8,593,280	2,726,908		5,866,372	31.73%	8,534,605	2,723,824	5,810,781	31.92%
Skilled Trades									
Salaries	6,592,080	2,183,841		4,408,239	33.13%	6,455,136	2,092,920	4,362,216	32.42%
Benefits	<u>2,363,180</u>	<u>643,655</u>		<u>1,719,525</u>	<u>27.24%</u>	<u>2,352,766</u>	<u>618,262</u>	<u>1,734,504</u>	<u>26.28%</u>
Subtotal	8,955,260	2,827,496		6,127,764	31.57%	8,807,902	2,711,182	6,096,720	30.78%
Total Salaries & Benefits									
Salaries	117,644,347	37,373,416		80,270,931	31.77%	114,303,612	36,523,919	77,779,693	31.95%
Benefits	<u>32,723,249</u>	<u>10,070,903</u>		<u>22,652,346</u>	<u>30.78%</u>	<u>31,038,741</u>	<u>9,647,169</u>	<u>21,391,572</u>	<u>31.08%</u>
Subtotal	150,367,596	47,444,319		102,923,277	31.55%	145,342,353	46,171,088	99,171,265	31.77%

General Fund
Operating Summary by Object
Year to Date through Oct 2016
Percent of Year Completed - 33.3%

	Adjusted Budget	Actual	% of Actual Revenue to Adjusted Budget	Variance		FY2016 Final Budget	FY2016 Actual	Variance	
				Adjusted Budget to Actual	% of Budget			Adjusted Budget to Actual	FY2016 % of Budget
Non-Salaries									
Purchased Professional & Technic	2,244,189	1,109,291		1,134,898	49.43%	2,688,080	888,992	1,799,088	33.07%
Purchased Property Services	3,877,583	1,411,135		2,466,448	36.39%	4,034,314	1,455,056	2,579,258	36.07%
Other Purchased Services	6,883,013	2,029,460		4,853,553	29.49%	6,820,930	2,176,587	4,644,343	31.91%
Subtotal	13,004,785	4,549,886		8,454,899	34.99%	13,543,324	4,520,635	9,022,689	33.38%
Supplies	9,854,071	2,916,862		6,937,209	29.60%	10,878,032	2,692,161	8,185,871	24.75%
Equipment	260,437	260,543		-106	100.04%	510,255	177,058	333,197	34.70%
Other Expenses	576,751	218,507		358,244	37.89%	613,602	215,027	398,575	35.04%
Subtotal	10,691,259	3,395,912		7,295,347	31.76%	12,001,889	3,084,246	8,917,643	25.70%
Subtotal Expenditure Accounts	174,063,640	55,390,117		118,673,523	31.82%	170,887,566	53,775,969	117,111,597	31.47%
Transfer - Charter Schools	26,690,775	8,896,924		17,793,851	33.33%	26,299,696	8,798,900	17,500,796	33.46%
Transfer - CRCP Fund	2,677,750	2,677,750		0	100.00%	3,979,732	2,385,905	1,593,827	59.95%
Transfer - Transportation Fund	5,106,180	5,106,180		0	100.00%	4,912,430	5,330,245	-417,815	108.51%
Transfer - Technology Fund	5,054,475	5,054,475		0	100.00%	4,848,490	4,968,665	-120,175	102.48%
Subtotal	39,529,180	21,735,329		17,793,851	54.99%	40,040,348	21,483,715	18,556,633	53.66%
Total Expenditure Accounts & Transfers/Allocations	213,592,820	77,125,446		136,467,374	36.11%	210,927,914	75,259,684	135,668,230	35.68%
TABOR Reserve	5,132,000	0		5,132,000	0.00%	5,132,000	0	5,132,000	0.00%
Contingency & Other Reserves	6,725,681	0		6,725,681	0.00%	5,046,608	0	5,046,608	0.00%
Reserve for encumbrance & unanti	19,309,832	0		19,309,832	0.00%	22,281,384	0	22,281,384	0.00%
Subtotal	31,167,513	0		31,167,513	0.00%	32,459,992	0	32,459,992	0.00%
Total Appropriated Budget	\$244,760,333	\$77,125,446		\$167,634,887	31.51%	\$243,387,906	\$75,259,684	\$168,128,222	30.92%
Total Resources Over (Under)									
Total Expenditures		\$7,443,424					\$6,151,575		