

ACADEMY 20 BOARD OF EDUCATION
October 15, 2015

Subject: Monthly Financial Report through September 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: October 5, 2015



MEMORANDUM

TO: Dr. Mark Hatchell, Superintendent
Board of Education

FROM: Tom Gregory, District Fiscal Officer

DATE: October 5, 2015

SUBJECT: September Financial Report

REVENUES

Graph #1 and Table #1 show that through September we have collected about 13.9% 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 13.8%. 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 3 months of the year complete (25.0%), spending, which includes total appropriation, is at 24.8%. 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 (28.6%) are comparable to last year (26.1%). 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.

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.

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 \$23,704,574 is sufficient to provide the amount necessary for the December 2015 payments.

Investments	Sep-15	Aug-15	Jul-15	Jun-15	May-15
General Fund Account					
Colotrust	50,187,993	54,122,379	61,302,030	65,316,255	52,182,419
Total General Fund	50,187,993	54,122,379	61,302,030	65,316,255	52,182,419
TABOR Account					
Colotrust	4,853,000	4,853,000	4,853,000	4,853,000	4,853,000
Total TABOR	4,853,000	4,853,000	4,853,000	4,853,000	4,853,000
Bond Redemption Account					
Wells Fargo - Colotrust	23,704,574	23,676,216	23,502,804	23,431,896	20,524,471
Total Bond Redemption	23,704,574	23,676,216	23,502,804	23,431,896	20,524,471
Total Investments	\$78,745,567	\$82,651,595	\$89,657,834	\$93,601,151	\$77,559,890

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 first quarterly projection for the June 30, 2016 fund balance. There are 4 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) the projected increase in the TABOR reserve.

The actual fund balance from the prior year is not established until the audit for the year is completed. The audit for the FY2014-2015 is in the final stages and will be presented to the Board in November. Anticipated unassigned fund balance for June 30, 2015 is \$24,737,865, an increase of \$981,377 over June 30, 2014. There have been no changes to the fund balance data presented at the September, 17 board meeting.

Projections for actual revenue and expenditures are based on assumptions until all activity in the fiscal year is completed and audited. The assumptions for revenues and expenditures are derived from the actual activity from the prior year. At this time the assumed revenues for FY2014-2015 are expected to be 100.0% of adopted budget and non-salary/benefit expenditures are projected at 98.9% (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 \$355k in unassigned fund balance. Since school has only been in session for about six weeks, this projection is not based on a significant amount of actual transaction data for the year. As the year goes on, actual activity will be used to modify and refine the projection.

September 2015

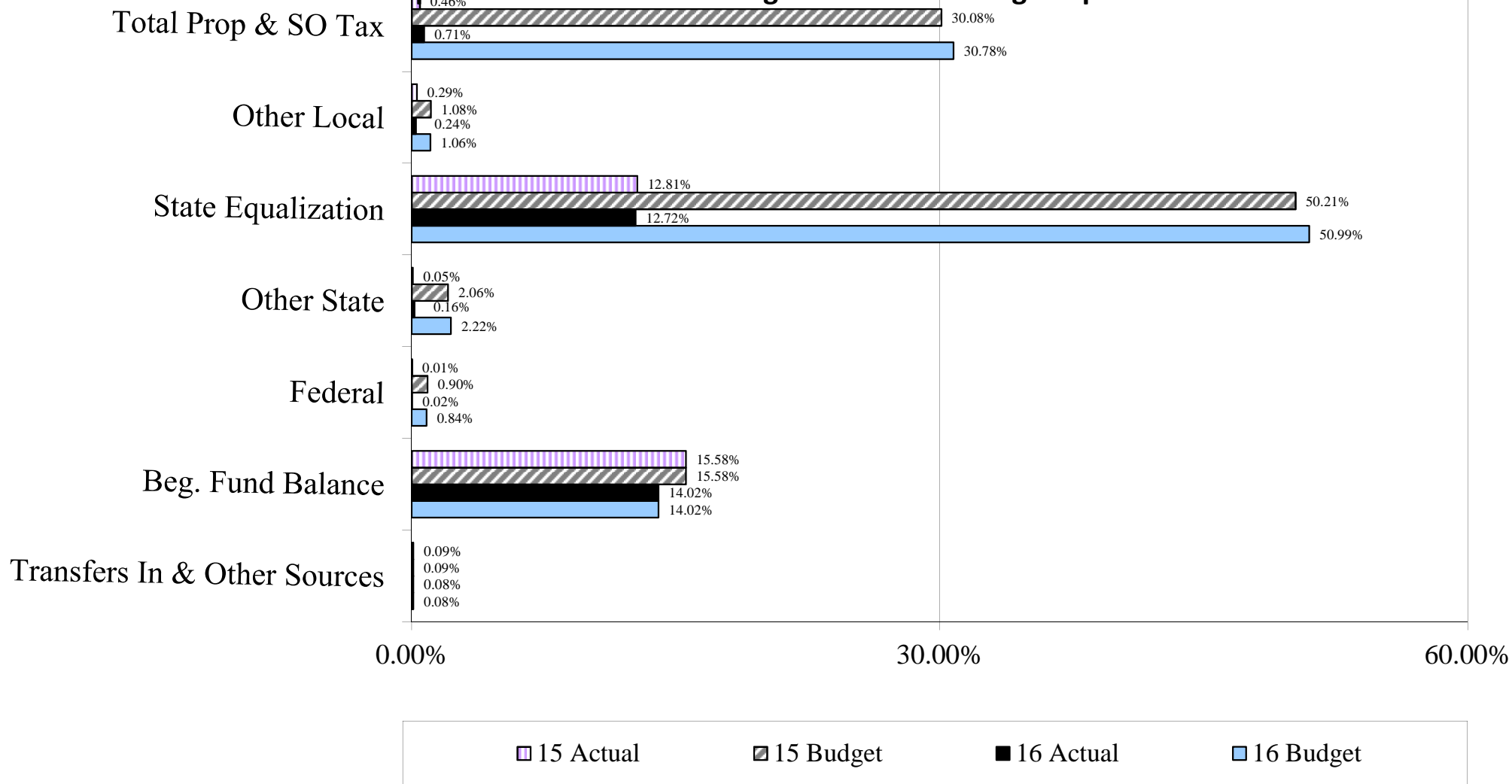
General Fund

Financial Report

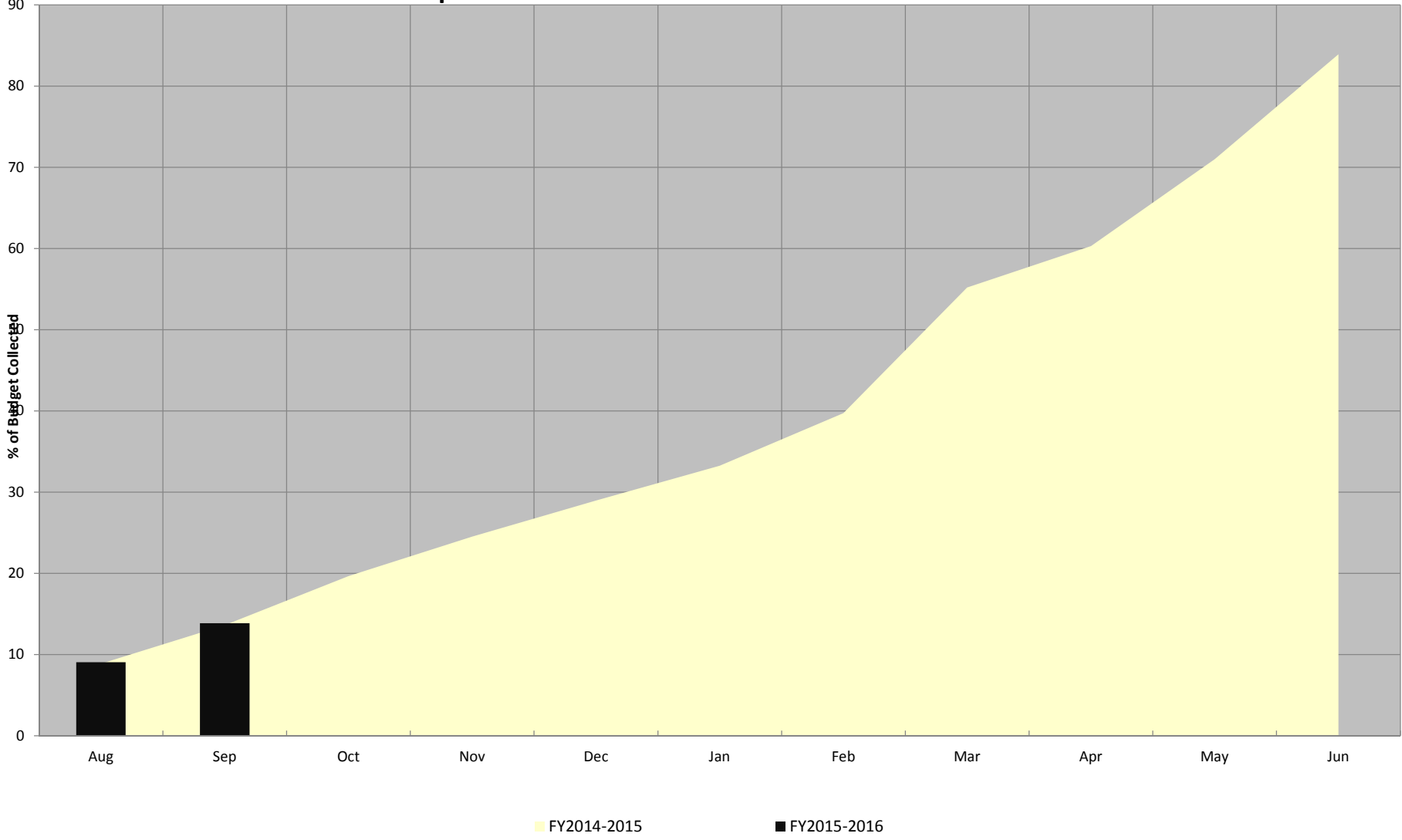
General Fund Major Revenue Categories

Year-to-Date Budget to Actual through September 2015

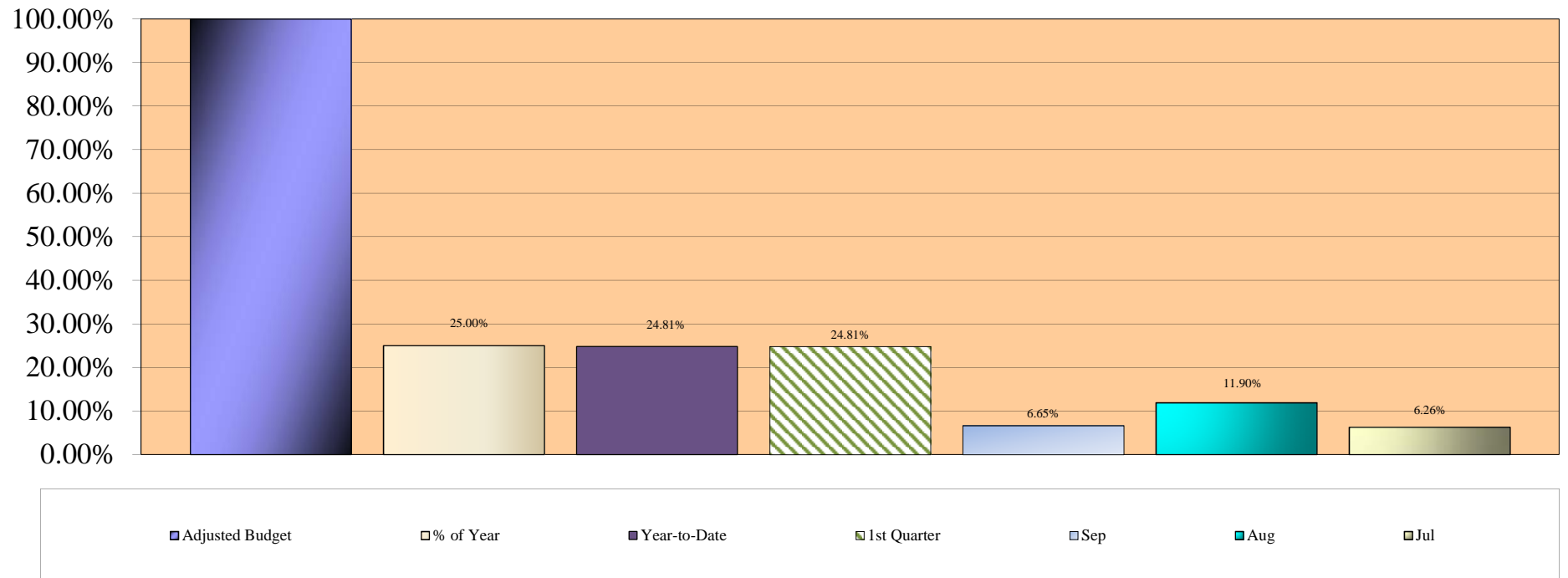
Compared to Year-to-Date Budget to Actual through September 2014



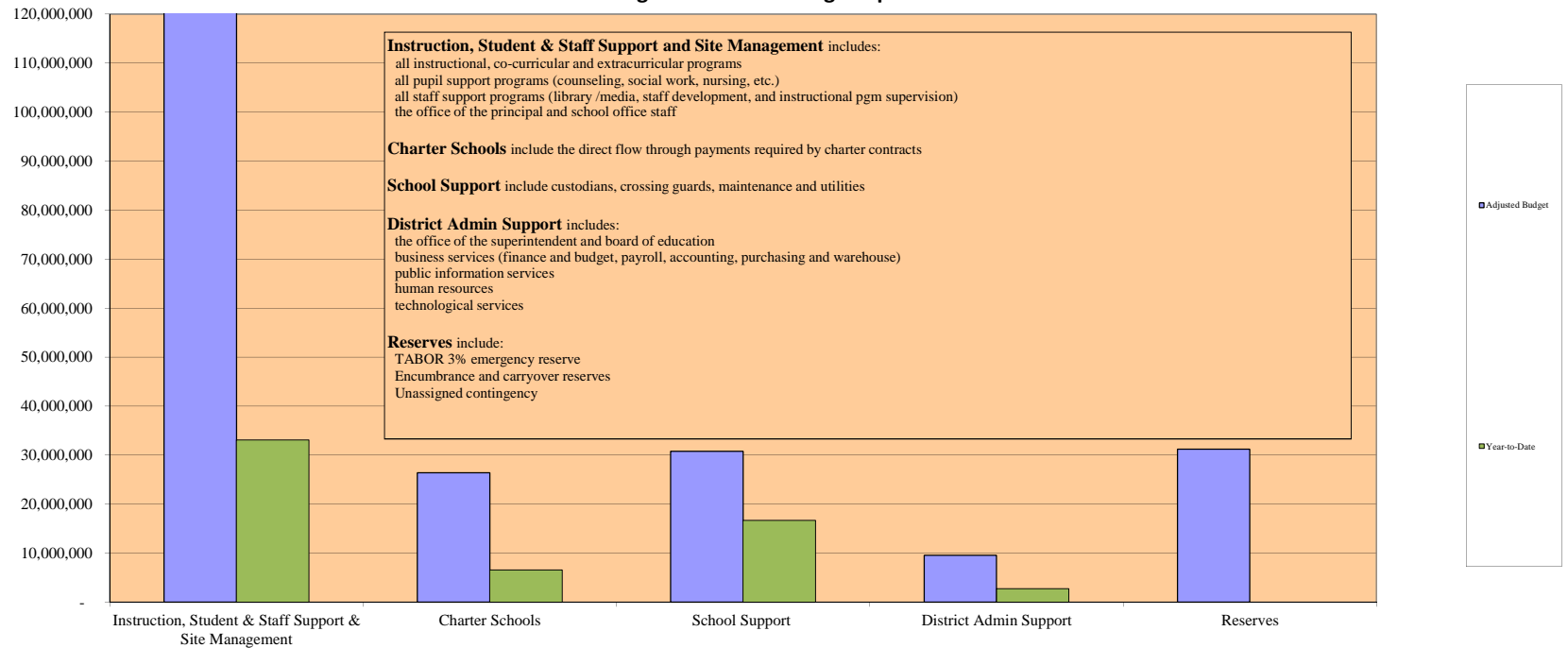
Compare YTD Revenues between FY2015 and FY2016



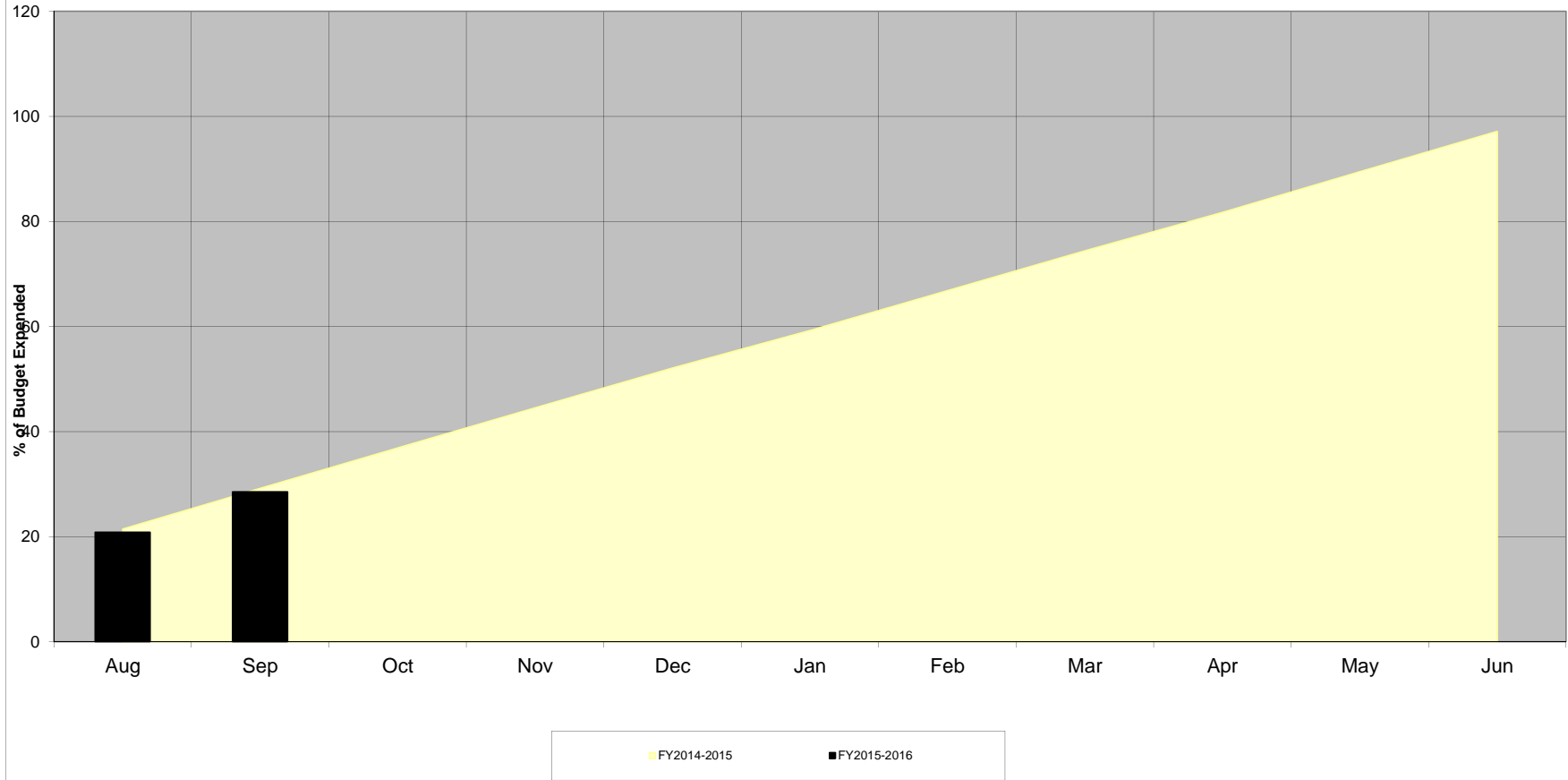
General Fund Total Expenditures Budget to Actual Comparison by Month and Year-to-Date - Unaudited



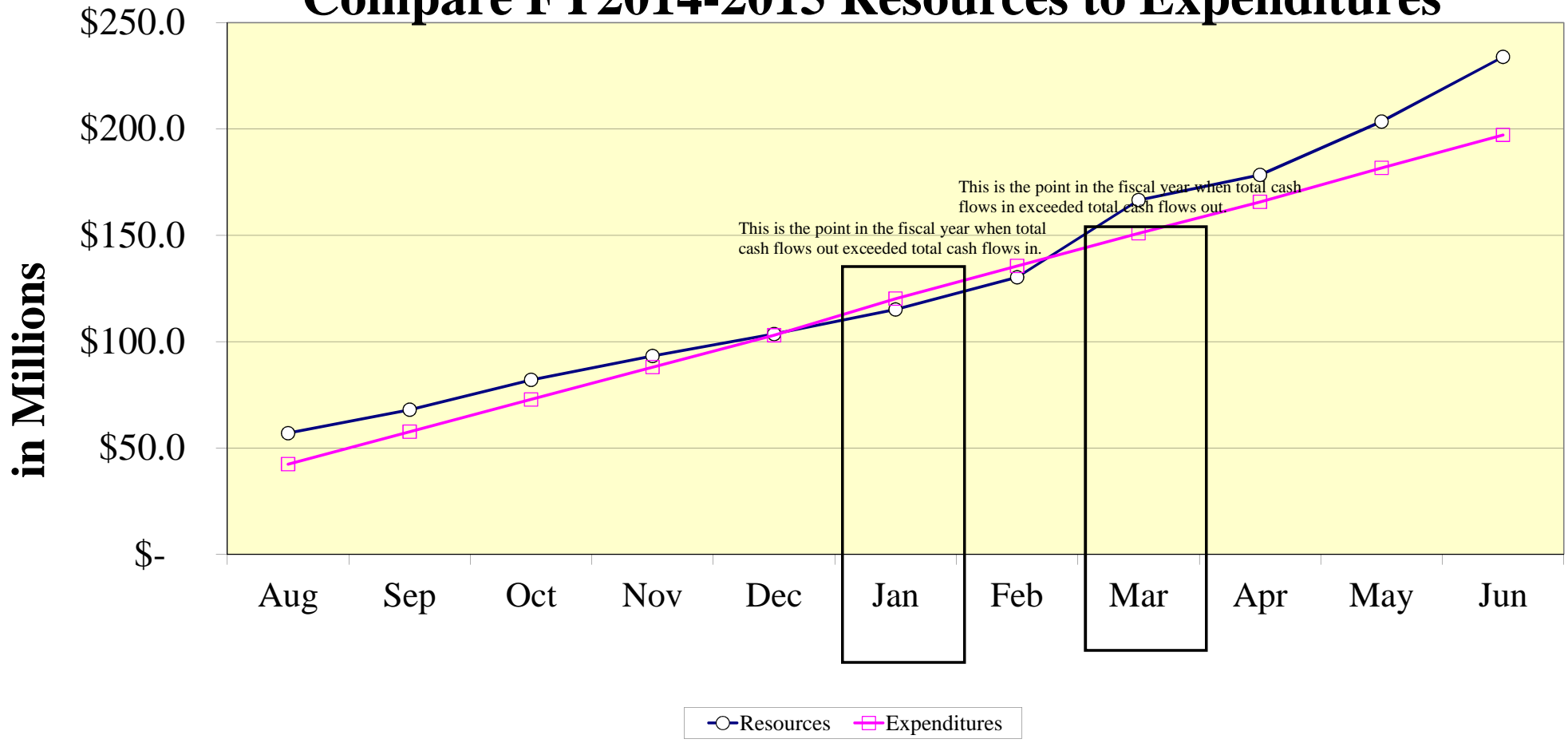
General Fund Expenditures Budget To Actual by Major Program Category
Year-to-Date Budget to Actual through September 2015



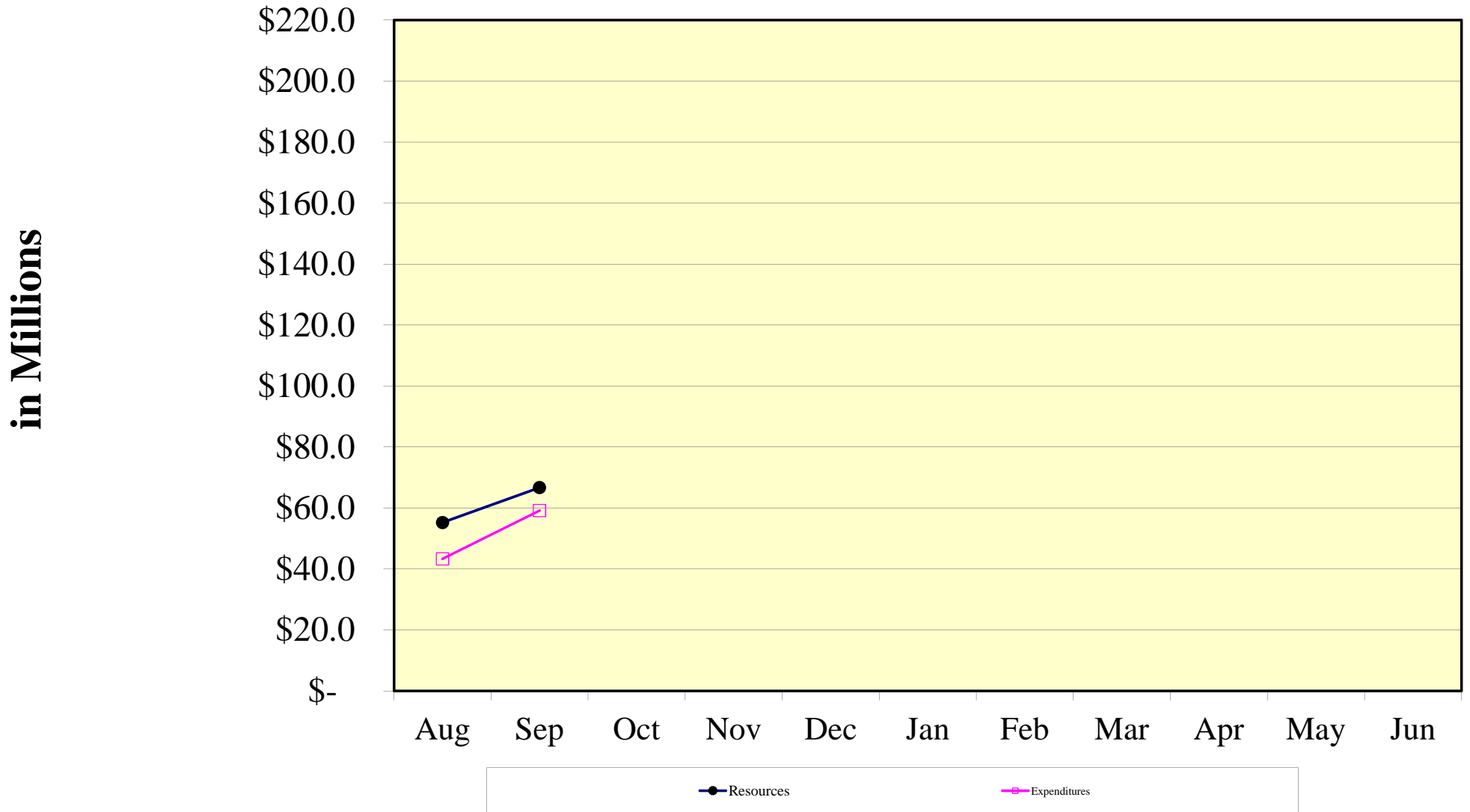
Compare YTD Expenditures between FY2015 and FY2016



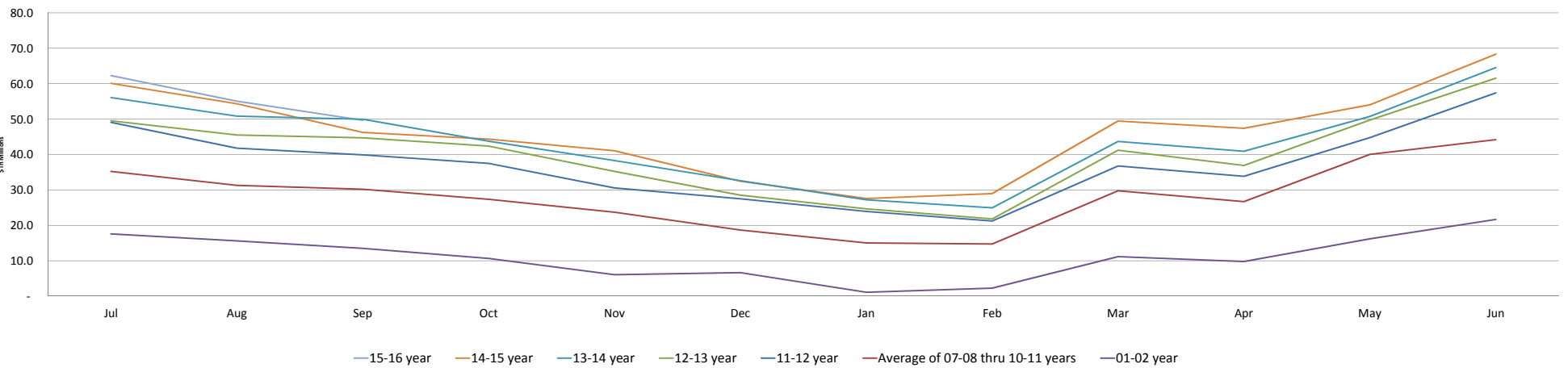
Compare FY2014-2015 Resources to Expenditures



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 Sep 2015
Percent of Year Completed - 25.0%

	Adjusted		% of Actual Revenue to Adjusted Budget	Variance Adjusted Budget to		FY2015		Variance Adjusted Budget to		FY2014
	Budget	Actual		Actual	% of Budget	Final Budget	Actual	Actual	% of Budget	
Local Revenue	\$75,918,313	\$2,262,543	2.98%	(\$73,655,770)	0.95%	\$74,042,899	\$2,318,261	(\$71,724,638)	0.99%	
State Revenue	126,864,353	30,700,812	24.20%	(96,163,541)	12.88%	121,039,299	30,077,596	(90,961,703)	12.83%	
Federal Revenue	<u>2,000,000</u>	<u>56,622</u>	<u>2.83%</u>	<u>(1,943,378)</u>	<u>0.02%</u>	<u>2,100,000</u>	<u>23,406</u>	<u>(2,076,594)</u>	<u>0.01%</u>	
Total Revenue Budget	204,782,666	33,019,977	16.12%	(171,762,689)	13.85%	197,182,198	32,419,263	(164,762,935)	13.83%	
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>34,481,058</u>	<u>-2,727,409</u>	<u>14.71%</u>	
Total Revenue & Fund Balance	<u>\$238,419,552</u>	<u>\$66,656,863</u>		<u>(\$171,762,689)</u>	<u>27.96%</u>	<u>\$234,390,665</u>	<u>\$66,900,321</u>	<u>(\$167,490,344)</u>	<u>28.54%</u>	
Object and Job Class										
Administrators										
Salaries	\$11,356,775	\$2,748,264		\$8,608,511	24.20%	\$10,867,345	\$2,573,796	\$8,293,549	23.68%	
Benefits	<u>2,692,900</u>	<u>647,082</u>		<u>2,045,818</u>	<u>24.03%</u>	<u>2,538,320</u>	<u>562,741</u>	<u>1,975,579</u>	<u>22.17%</u>	
Subtotal	14,049,675	3,395,346		10,654,329	24.17%	13,405,665	3,136,537	10,269,128	23.40%	
Teachers										
Salaries	82,392,698	19,614,166		62,778,532	23.81%	79,146,054	18,195,476	60,950,578	22.99%	
Benefits	<u>20,834,383</u>	<u>5,079,574</u>		<u>15,754,809</u>	<u>24.38%</u>	<u>20,048,394</u>	<u>4,357,232</u>	<u>15,691,162</u>	<u>21.73%</u>	
Subtotal	103,227,081	24,693,740		78,533,341	23.92%	99,194,448	22,552,708	76,641,740	22.74%	
Non-teaching Professionals										
Salaries	2,004,620	482,604		1,522,016	24.07%	1,977,397	422,504	1,554,893	21.37%	
Benefits	<u>511,570</u>	<u>128,329</u>		<u>383,241</u>	<u>25.09%</u>	<u>517,191</u>	<u>106,639</u>	<u>410,552</u>	<u>20.62%</u>	
Subtotal	2,516,190	610,933		1,905,257	24.28%	2,494,588	529,143	1,965,445	21.21%	
Paraprofessionals										
Salaries	6,329,664	1,433,757		4,895,907	22.65%	5,958,725	1,254,071	4,704,654	21.05%	
Benefits	<u>2,032,078</u>	<u>457,538</u>		<u>1,574,540</u>	<u>22.52%</u>	<u>1,900,355</u>	<u>389,013</u>	<u>1,511,342</u>	<u>20.47%</u>	
Subtotal	8,361,742	1,891,295		6,470,447	22.62%	7,859,080	1,643,084	6,215,996	20.91%	
Office & Admin Support										
Salaries	6,502,513	1,583,839		4,918,674	24.36%	6,337,185	1,466,367	4,870,818	23.14%	
Benefits	<u>1,865,156</u>	<u>458,217</u>		<u>1,406,939</u>	<u>24.57%</u>	<u>1,837,991</u>	<u>397,416</u>	<u>1,440,575</u>	<u>21.62%</u>	
Subtotal	8,367,669	2,042,056		6,325,613	24.40%	8,175,176	1,863,783	6,311,393	22.80%	
Skilled Trades										
Salaries	6,645,920	1,558,886		5,087,034	23.46%	6,426,238	1,550,141	4,876,097	24.12%	
Benefits	<u>2,053,840</u>	<u>461,189</u>		<u>1,592,651</u>	<u>22.45%</u>	<u>1,859,056</u>	<u>413,220</u>	<u>1,445,836</u>	<u>22.23%</u>	
Subtotal	8,699,760	2,020,075		6,679,685	23.22%	8,285,294	1,963,361	6,321,933	23.70%	
Total Salaries & Benefits										
Salaries	115,232,190	27,421,516		87,810,674	23.80%	110,712,944	25,462,355	85,250,589	23.00%	
Benefits	<u>29,989,927</u>	<u>7,231,929</u>		<u>22,757,998</u>	<u>24.11%</u>	<u>28,701,307</u>	<u>6,226,261</u>	<u>22,475,046</u>	<u>21.69%</u>	
Subtotal	145,222,117	34,653,445		110,568,672	23.86%	139,414,251	31,688,616	107,725,635	22.73%	

General Fund
Operating Summary by Object
Year to Date through Sep 2015
Percent of Year Completed - 25.0%

	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	% of Budget
Non-Salaries									
Purchased Professional & Technical Services	2,116,200	655,526		1,460,674	30.98%	2,416,258	416,191	2,000,067	17.22%
Purchased Property Services	3,671,040	899,924		2,771,116	24.51%	3,780,569	1,279,581	2,500,988	33.85%
Other Purchased Services	6,568,636	1,630,489		4,938,147	24.82%	6,869,587	1,470,165	5,399,422	21.40%
Subtotal	12,355,876	3,185,939		9,169,937	25.78%	13,066,414	3,165,937	9,900,477	24.23%
Supplies	9,757,540	1,743,626		8,013,914	17.87%	10,628,837	1,640,358	8,988,479	15.43%
Equipment	257,117	129,729		127,388	50.46%	437,767	91,192	346,575	20.83%
Other Expenses	542,985	153,532		389,453	28.28%	532,469	148,744	383,725	27.93%
Subtotal	10,557,642	2,026,887		8,530,755	19.20%	11,599,073	1,880,294	9,718,779	16.21%
Subtotal Expenditure Accounts	168,135,635	39,866,271		128,269,364	23.71%	164,079,738	36,734,847	127,344,891	22.39%
Transfer - Charter Schools	26,396,701	6,599,175		19,797,526	25.00%	25,523,578	5,722,593	19,800,985	22.42%
Transfer - CRCP Fund	2,385,905	2,385,905		0	100.00%	3,252,470	2,118,375	1,134,095	0.00%
Transfer - Transportation Fund	5,330,245	5,330,245		0	100.00%	5,090,190	4,089,868	1,000,322	80.35%
Transfer - Technology Fund	4,968,665	4,968,665		0	100.00%	5,058,490	4,253,272	805,218	84.08%
Subtotal	39,081,516	19,283,990		19,797,526	49.34%	38,924,728	16,184,108	22,740,620	41.58%
Total Expenditure Accounts & Transfers/Allocations	207,217,151	59,150,261		148,066,890	28.55%	203,004,466	52,918,955	150,085,511	26.07%
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	\$59,150,261		\$179,269,291	24.81%	\$234,390,665	\$52,918,955	\$181,471,710	22.58%
Total Resources Over (Under)									
Total Expenditures		\$7,506,602					\$13,981,366		

	Unassigned	Restricted/Assigned	Total
Info collected for June 30, 2015			
July 1, 2015 Un-Audited Fund Balance	\$ 24,737,865	\$ 12,660,913	\$ 37,398,778
Projected Revenues	204,782,666	-	204,782,666
Projected Expenditures	(204,937,762)		(204,937,762)
Increase in Assignment for TABOR	(200,000)	200,000	-
Projected June 30, 2016 Unassigned Fund Bal	\$ 24,382,769	\$ 12,860,913	\$ 37,243,682
Projected Change in Unassigned Fund Balance	\$ (355,096)	\$ 200,000	\$ (155,096)