

ACADEMY 20 BOARD OF EDUCATION
October 20, 2016

Subject: Monthly Financial Report through September 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: October 12, 2016



MEMORANDUM

TO: Dr. Mark Hatchell, Superintendent
Board of Education

FROM: Tom Gregory, District Fiscal Officer

DATE: October 12, 2016

SUBJECT: September Financial Report

REVENUES

Graph #1 and Table #1 show that through September we have collected about 15.7% 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 13.6%. 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 3 months of the year complete (25.0%), spending, which includes total appropriation, is at 24.9%. 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 (28.5%) are comparable to last year (28.0%). 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.

Table #2 discloses quarterly financial information on funds in addition to the General Fund. Total Resources includes Beginning Fund Balances, Revenue, and Transfers; Total Appropriation includes Expenditures, Transfers and Ending Fund Balances.

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 \$26,029,801 is sufficient to provide the amount necessary for the December 2016 payments.

Investments	Sep-16	Aug-16	Jul-16	Jun-16	May-16
General Fund Account					
Colotrust	50,859,865	58,981,561	64,302,713	69,344,387	57,832,508
Total General Fund	50,859,865	58,981,561	64,302,713	69,344,387	57,832,508
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	26,029,801	25,957,690	25,779,026	25,725,997	21,803,224
Total Bond Redemption	26,029,801	25,957,690	25,779,026	25,725,997	21,803,224
Total Investments	\$82,021,666	\$90,071,251	\$95,213,739	\$100,202,384	\$84,767,732

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, 2017 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 FY2015-2016 is in the final stages and will be presented to the Board in November. Anticipated unassigned fund balance for June 30, 2016 is \$28,635,281, an increase of \$3,930,571 over June 30, 2015.

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 FY2015-2016 are expected to be 100.0% of adopted budget and non-salary/benefit expenditures are projected at 97.0%.

Using these assumptions, the June 30, 2017 fund balance projection shows an increase of approximately \$482k 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.

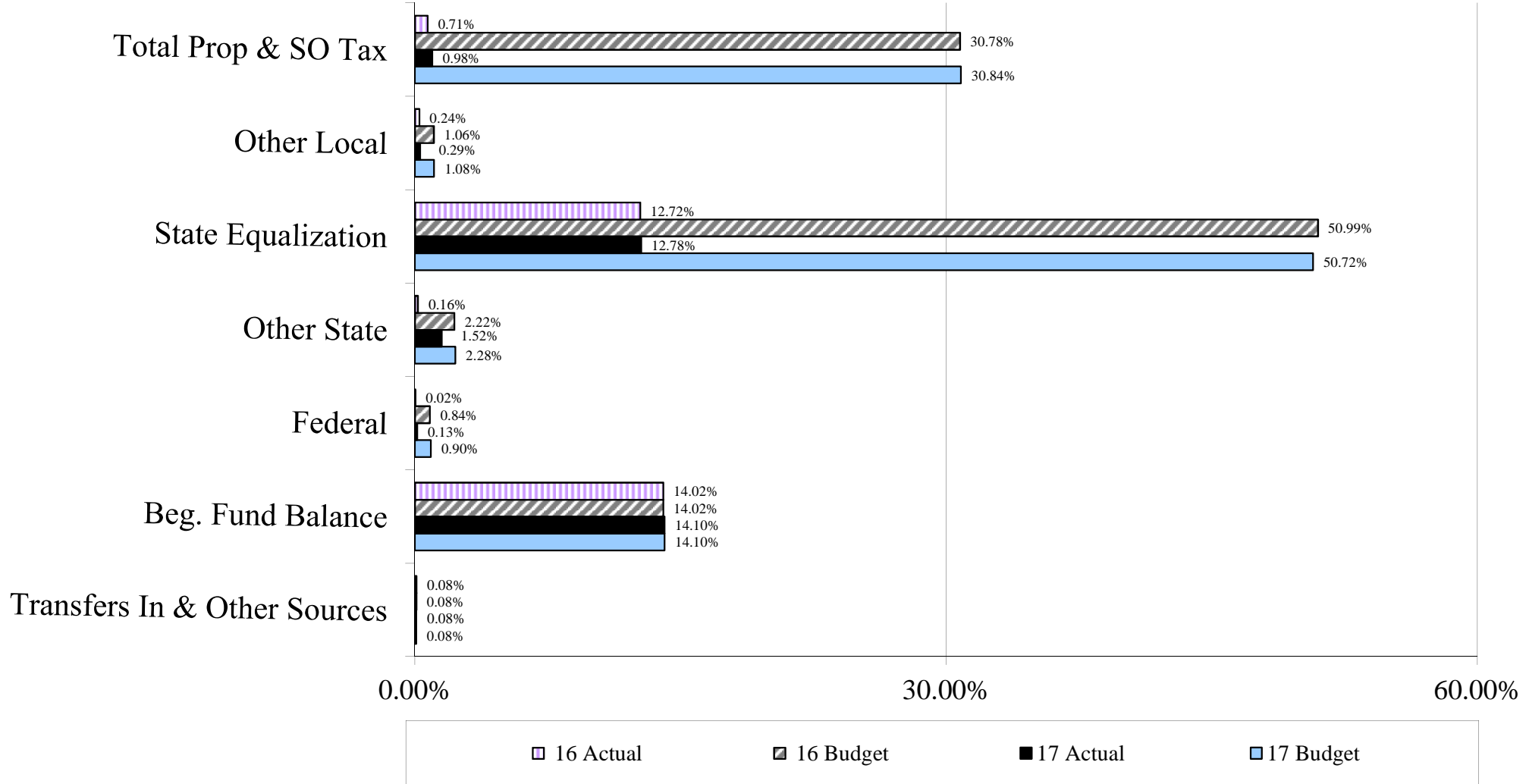
September 2016

General Fund

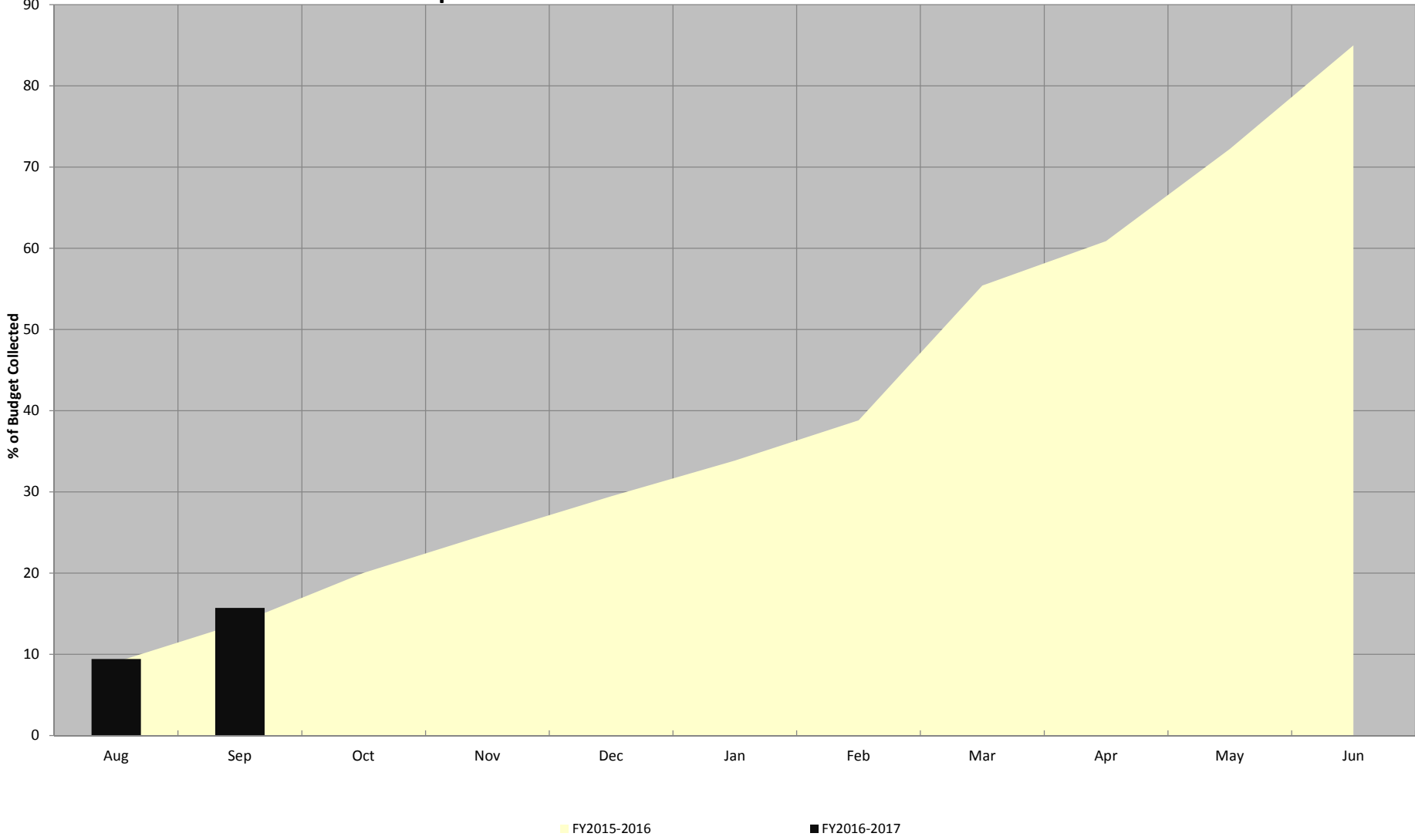
Financial Report

General Fund Major Revenue Categories

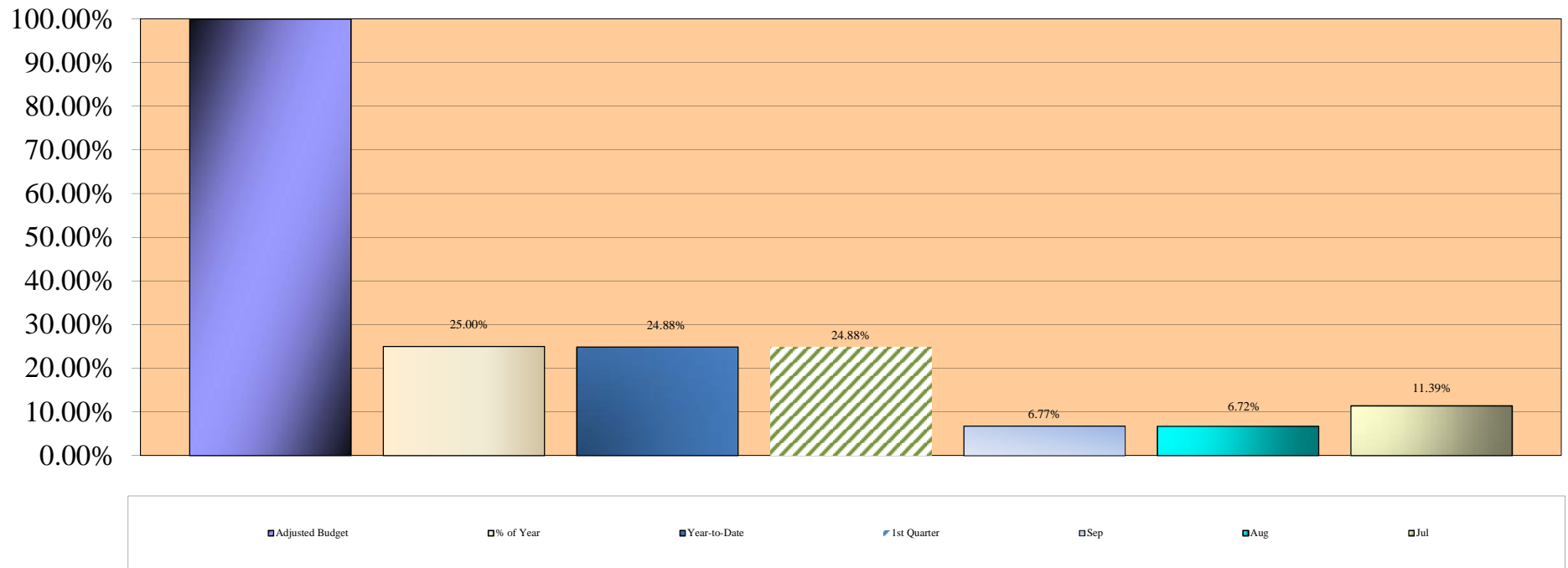
Year-to-Date Budget to Actual through September 2016 Compared to Year-to-Date Budget to Actual through September 2015



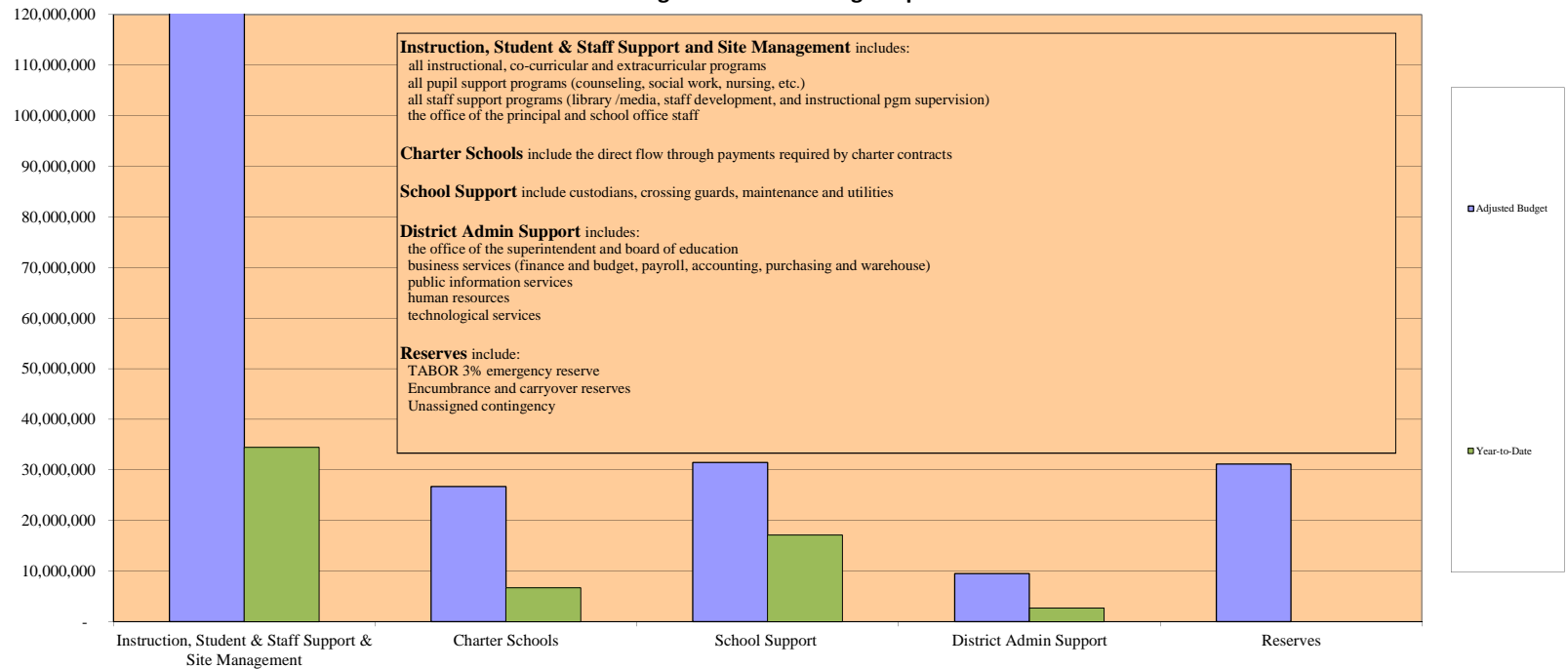
Compare YTD Revenues between FY2016 and FY2017



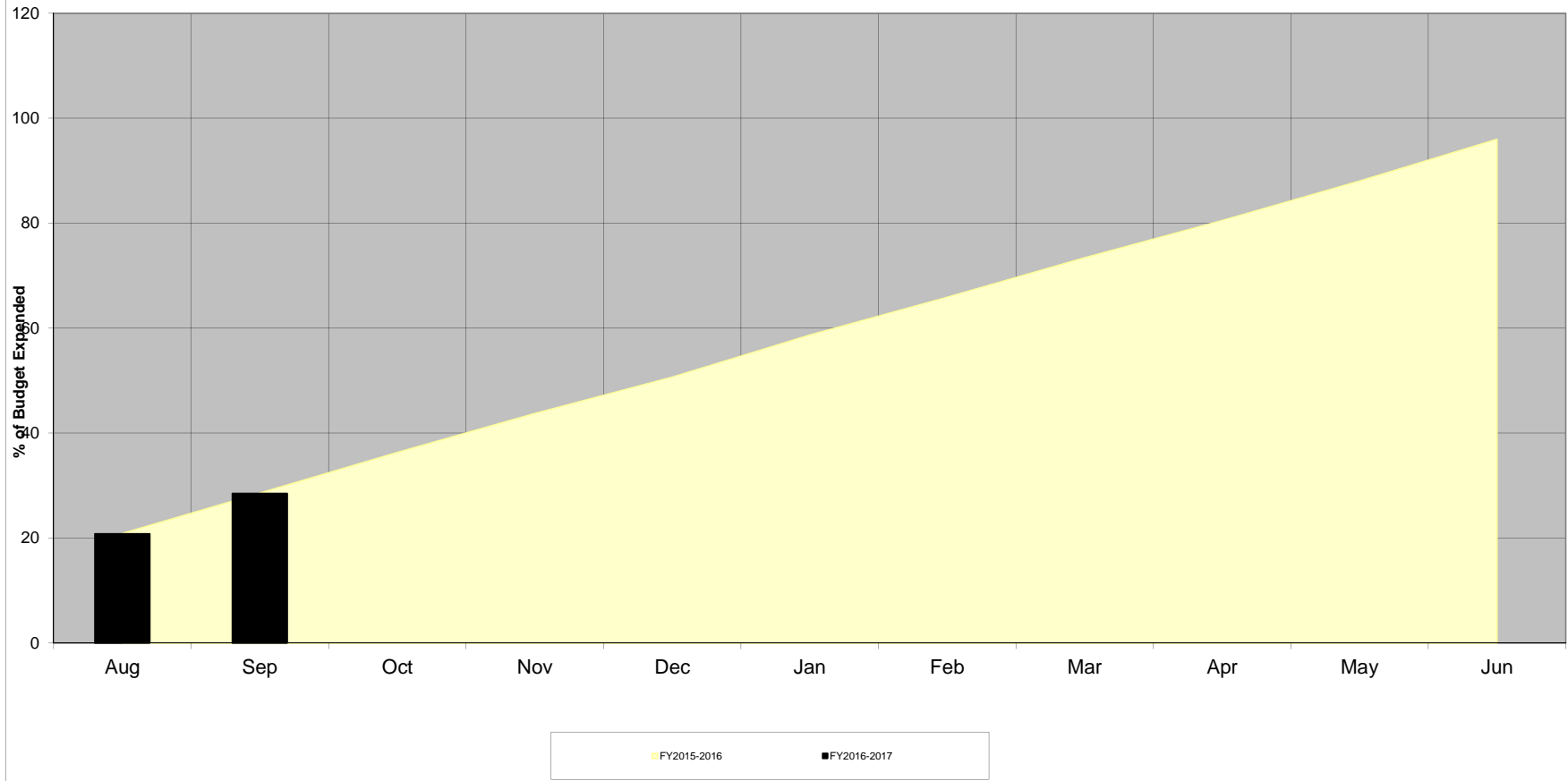
General Fund Total Expenditures Budget to Actual Comparison by Month and Year-to-Date - Unaudited



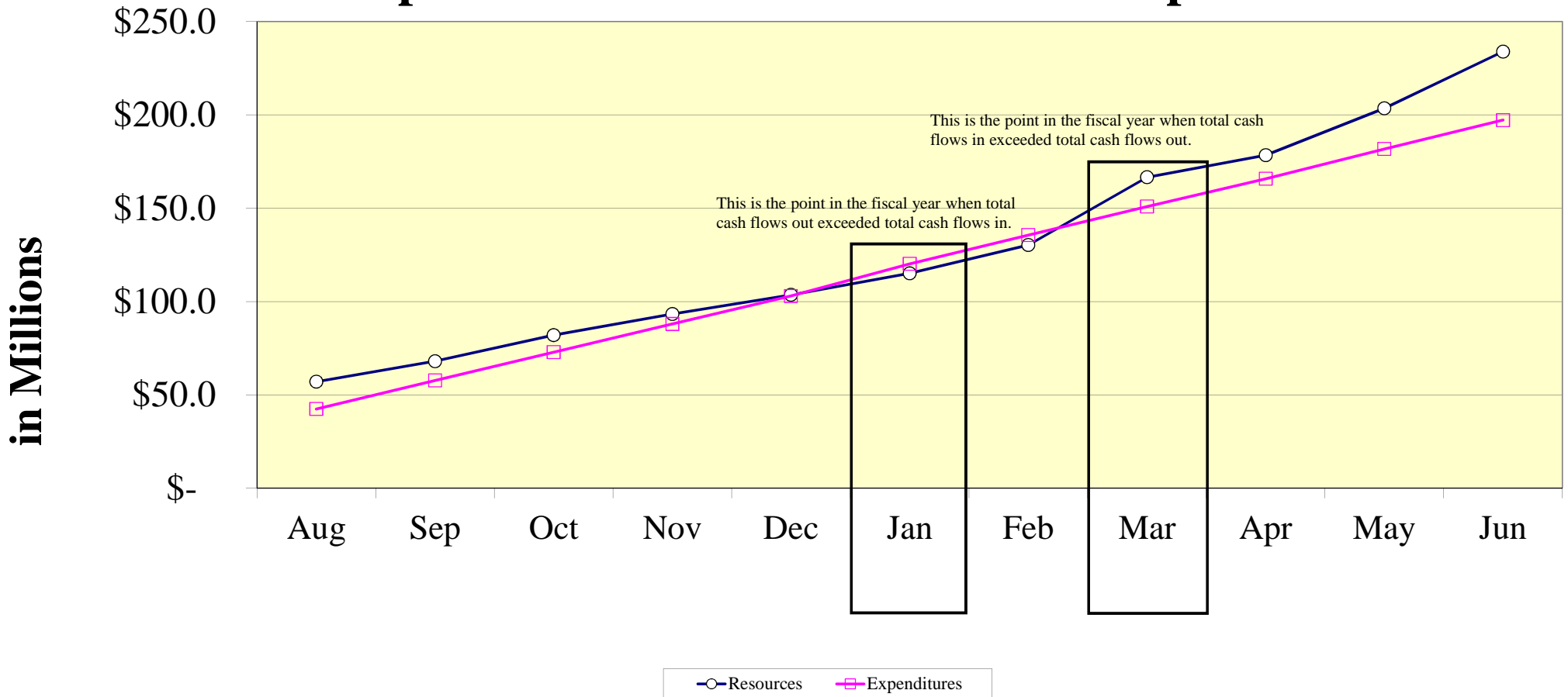
**General Fund Expenditures Budget To Actual by Major Program Category
Year-to-Date Budget to Actual through September 2016**



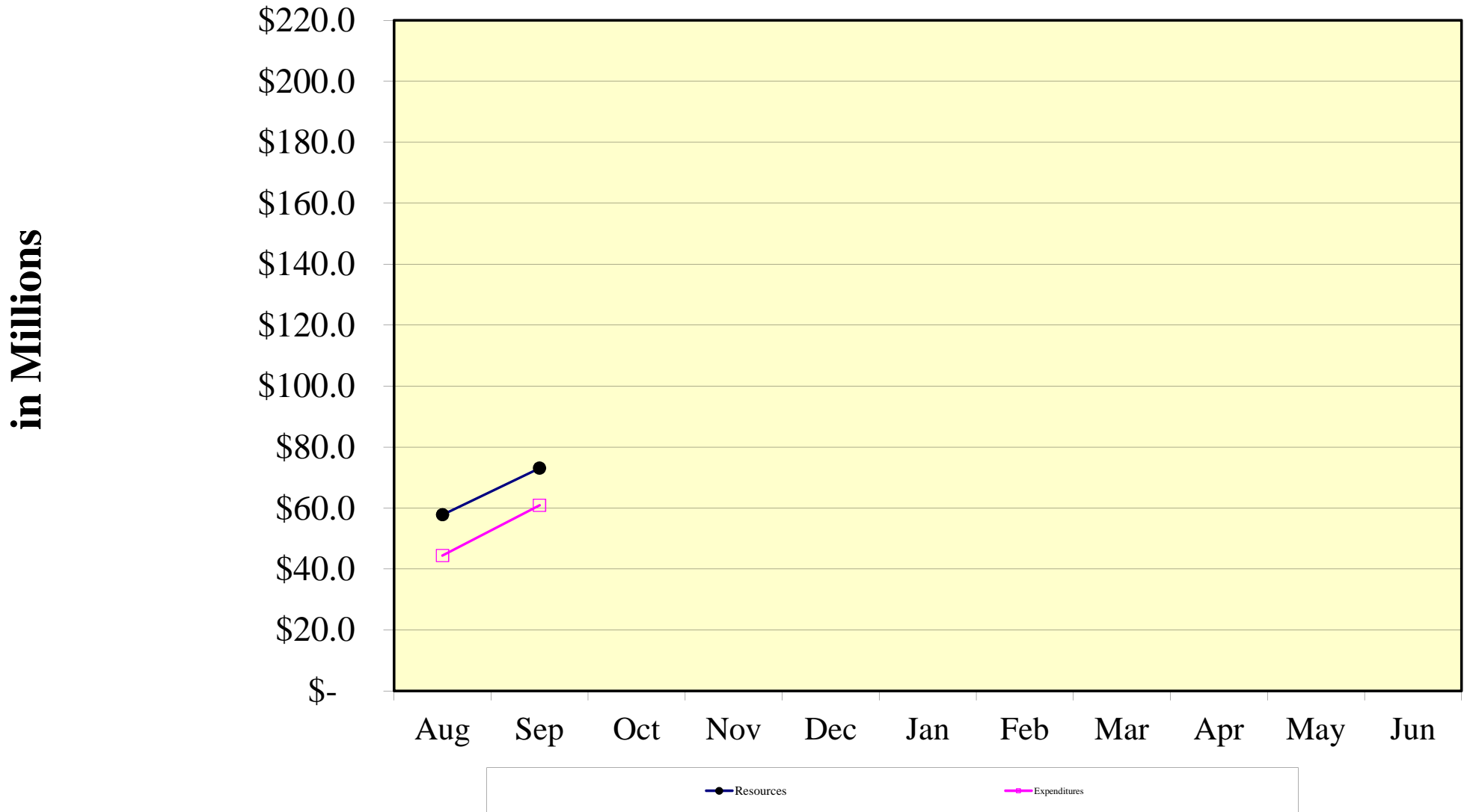
Compare YTD Expenditures between FY2016 and FY2017



Compare FY2015-2016 Resources to Expenditures

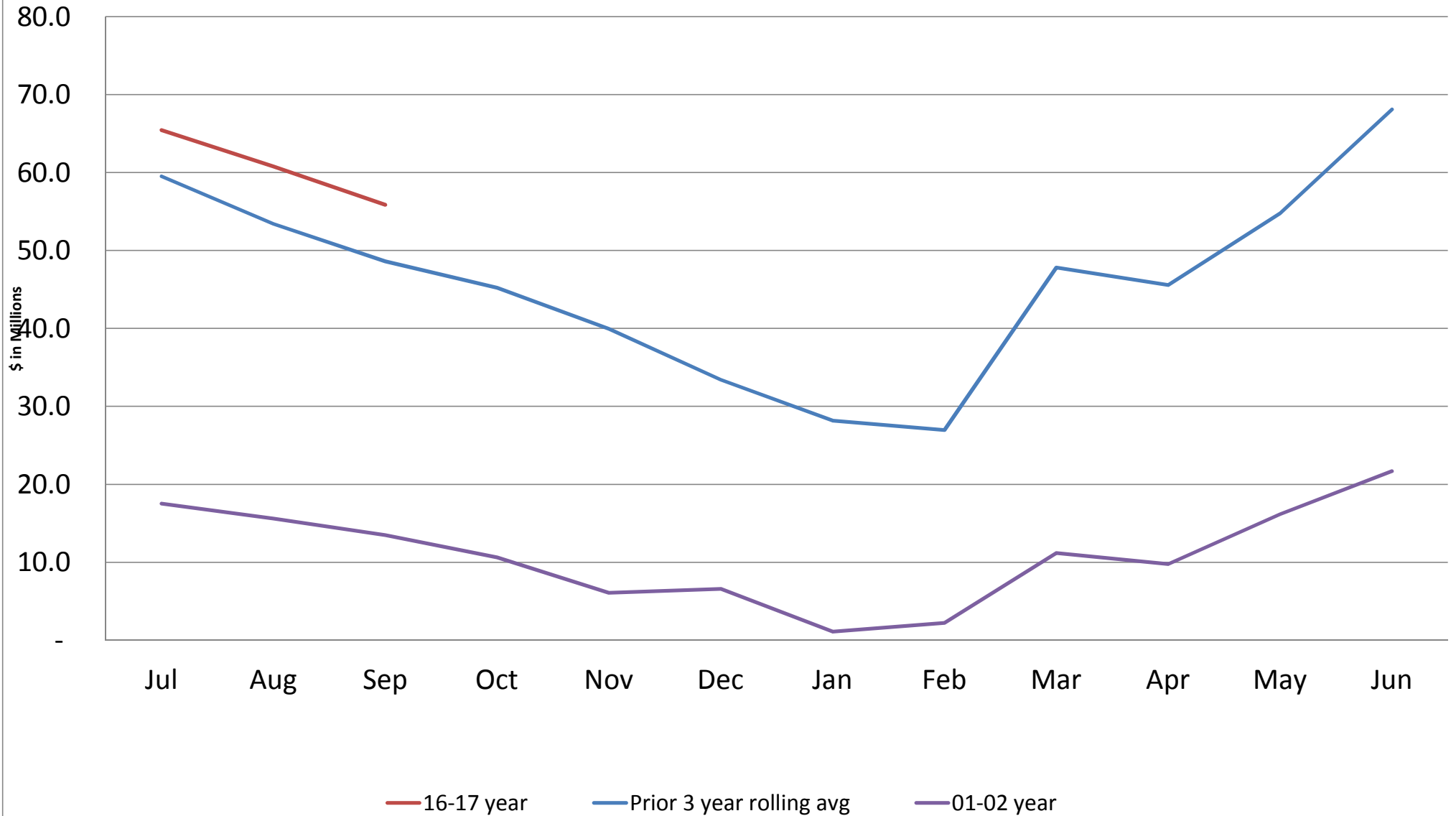


Compare FY 2016-2017 Resources to Expenditures



Cash & Investments Available to Meet Operating Needs

(excludes TABOR reserve and Debt Service)



General Fund
Operating Summary by Object
Year to Date through Sep 2016
Percent of Year Completed - 25.0%

	Adjusted	Actual	% of Actual Revenue to Adjusted Budget	Variance	% of Budget	FY2016 Final Budget	FY2016 Actual	Variance	FY2016 % of Budget
	Budget			Adjusted Budget to Actual				Adjusted Budget to Actual	
Local Revenue	\$78,125,524	\$3,105,212	3.97%	(\$75,020,312)	1.27%	\$76,920,094	\$2,262,543	(\$74,657,551)	0.93%
State Revenue	129,728,607	34,998,099	26.98%	(94,730,508)	14.30%	126,520,034	30,700,812	(95,819,222)	12.61%
Federal Revenue	<u>2,199,000</u>	<u>325,086</u>	<u>14.78%</u>	<u>(1,873,914)</u>	<u>0.13%</u>	<u>2,349,000</u>	<u>56,622</u>	<u>(2,292,378)</u>	<u>0.02%</u>
Total Revenue Budget	210,053,131	38,428,397	18.29%	(171,624,734)	15.70%	205,789,128	33,019,977	(172,769,151)	13.57%
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	\$244,760,333	\$73,135,599		(\$171,624,734)	29.88%	\$243,387,906	\$66,656,863	(\$176,731,043)	27.39%
Object and Job Class									
Administrators									
Salaries	\$11,469,560	\$2,865,053		\$8,604,507	24.98%	\$11,275,815	\$2,748,264	\$8,527,551	24.37%
Benefits	<u>2,885,160</u>	<u>695,487</u>		<u>2,189,673</u>	<u>24.11%</u>	<u>2,773,860</u>	<u>647,082</u>	<u>2,126,778</u>	<u>23.33%</u>
Subtotal	14,354,720	3,560,540		10,794,180	24.80%	14,049,675	3,395,346	10,654,329	24.17%
Teachers									
Salaries	84,022,545	19,937,024		64,085,521	23.73%	81,543,620	19,614,166	61,929,454	24.05%
Benefits	<u>22,368,446</u>	<u>5,277,067</u>		<u>17,091,379</u>	<u>23.59%</u>	<u>21,008,757</u>	<u>5,079,574</u>	<u>15,929,183</u>	<u>24.18%</u>
Subtotal	106,390,991	25,214,091		81,176,900	23.70%	102,552,377	24,693,740	77,858,637	24.08%
Non-teaching Professionals									
Salaries	2,025,200	540,029		1,485,171	26.67%	2,009,413	482,604	1,526,809	24.02%
Benefits	<u>560,970</u>	<u>137,829</u>		<u>423,141</u>	<u>24.57%</u>	<u>535,692</u>	<u>128,329</u>	<u>407,363</u>	<u>23.96%</u>
Subtotal	2,586,170	677,858		1,908,312	26.21%	2,545,105	610,933	1,934,172	24.00%
Paraprofessionals									
Salaries	6,979,453	1,545,283		5,434,170	22.14%	6,528,552	1,433,757	5,094,795	21.96%
Benefits	<u>2,499,257</u>	<u>493,816</u>		<u>2,005,441</u>	<u>19.76%</u>	<u>2,324,137</u>	<u>457,538</u>	<u>1,866,599</u>	<u>19.69%</u>
Subtotal	9,478,710	2,039,099		7,439,611	21.51%	8,852,689	1,891,295	6,961,394	21.36%
Office & Admin Support									
Salaries	6,515,967	1,580,576		4,935,391	24.26%	6,491,076	1,583,839	4,907,237	24.40%
Benefits	<u>2,065,625</u>	<u>466,535</u>		<u>1,599,090</u>	<u>22.59%</u>	<u>2,043,529</u>	<u>458,217</u>	<u>1,585,312</u>	<u>22.42%</u>
Subtotal	8,581,592	2,047,111		6,534,481	23.85%	8,534,605	2,042,056	6,492,549	23.93%
Skilled Trades									
Salaries	6,559,190	1,630,852		4,928,338	24.86%	6,455,136	1,558,886	4,896,250	24.15%
Benefits	<u>2,395,520</u>	<u>481,595</u>		<u>1,913,925</u>	<u>20.10%</u>	<u>2,352,766</u>	<u>461,189</u>	<u>1,891,577</u>	<u>19.60%</u>
Subtotal	8,954,710	2,112,447		6,842,263	23.59%	8,807,902	2,020,075	6,787,827	22.93%
Total Salaries & Benefits									
Salaries	117,571,915	28,098,817		89,473,098	23.90%	114,303,612	27,421,516	86,882,096	23.99%
Benefits	<u>32,774,978</u>	<u>7,552,329</u>		<u>25,222,649</u>	<u>23.04%</u>	<u>31,038,741</u>	<u>7,231,929</u>	<u>23,806,812</u>	<u>23.30%</u>
Subtotal	150,346,893	35,651,146		114,695,747	23.71%	145,342,353	34,653,445	110,688,908	23.84%

General Fund
Operating Summary by Object
Year to Date through Sep 2016
Percent of Year Completed - 25.0%

	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	2,237,255	733,717		1,503,538	32.80%	2,688,080	655,526	2,032,554	24.39%
Purchased Property Services	3,872,429	1,065,490		2,806,939	27.51%	4,034,314	899,924	3,134,390	22.31%
Other Purchased Services	6,882,738	1,614,792		5,267,946	23.46%	6,820,930	1,630,489	5,190,441	23.90%
Subtotal	12,992,422	3,413,999		9,578,423	26.28%	13,543,324	3,185,939	10,357,385	23.52%
Supplies	9,902,746	1,974,645		7,928,101	19.94%	10,878,032	1,743,626	9,134,406	16.03%
Equipment	254,704	225,155		29,549	88.40%	510,255	129,729	380,526	25.42%
Other Expenses	566,875	132,234		434,641	23.33%	613,602	153,532	460,070	25.02%
Subtotal	10,724,325	2,332,034		8,392,291	21.75%	12,001,889	2,026,887	9,975,002	16.89%
Subtotal Expenditure Accounts	174,063,640	41,397,179		132,666,461	23.78%	170,887,566	39,866,271	131,021,295	23.33%
Transfer - Charter Schools	26,690,775	6,672,693		20,018,082	25.00%	26,299,696	6,599,175	19,700,521	25.09%
Transfer - CRCP Fund	2,677,750	2,677,750		0	100.00%	3,979,732	2,385,905	1,593,827	0.00%
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	19,511,098		20,018,082	49.36%	40,040,348	19,283,990	20,756,358	48.16%
Total Expenditure Accounts & Transfers/Allocations	213,592,820	60,908,277		152,684,543	28.52%	210,927,914	59,150,261	151,777,653	28.04%
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	\$60,908,277		\$183,852,056	24.88%	\$243,387,906	\$59,150,261	\$184,237,645	24.30%
Total Resources Over (Under)									
Total Expenditures		\$12,227,322					\$7,506,602		

	Unassigned	Restricted/Assigned	Total
July 1, 2016 Un-Audited Fund Balance	\$ 28,635,281	\$ 14,028,844	\$ 42,664,125
Projected Revenues	210,053,131	-	210,053,131
Projected Expenditures	(209,370,911)		(209,370,911)
Increase in Assignment for TABOR	(200,000)	200,000	-
Projected June 30, 2017 Unassigned Fund Ba	\$ 29,117,501	\$ 14,228,844	\$ 43,346,345
Projected Change in Unassigned Fund Balance	\$ 482,220	\$ 200,000	\$ 682,220

Academy District 20
 Budget to Actual Comparisons 2016-2017 and Prior Year 2015-2016
 as of September 30, 2016

Results as of end of quarter:	2016-2017				Results as of end of quarter:	2015-2016					
	Adopted Budget	YTD Actual	YTD Variance	% Spent		Adopted Budget	YTD Actual	YTD Variance	% Spent		
General (10)	Total Resources	244,760,333	73,135,599	171,624,734	29.9%	General (10)	Total Resources	238,419,552	66,656,863	171,762,689	28.0%
	Total Expenditures	244,760,333	60,908,277	183,852,056	24.9%		Total Expenditures	238,419,552	59,150,261	179,269,291	24.8%
	Surplus (deficit)	-	12,227,322	(12,227,322)			Surplus (deficit)	-	7,506,602	(7,506,602)	
Food Service (21)	Total Resources	5,413,468	1,282,541	4,130,927	23.7%	Food Service (21)	Total Resources	5,573,629	1,259,737	4,313,892	22.6%
	Total Expenditures	5,413,468	470,186	4,943,282	8.7%		Total Expenditures	5,573,629	423,865	5,149,764	7.6%
	Surplus (deficit)	-	812,355	(812,355)			Surplus (deficit)	-	835,872	(835,872)	
Designated Purpose Grants (22)	Total Resources	7,500,000	2,638,005	4,861,995	35.2%	Designated Purpose Grants (22)	Total Resources	7,500,000	859,929	6,640,071	11.5%
	Total Expenditures	7,500,000	787,958	6,712,042	10.5%		Total Expenditures	7,500,000	726,016	6,773,984	9.7%
	Surplus (deficit)	-	1,850,047	(1,850,047)			Surplus (deficit)	-	133,913	(133,913)	
Transportation (25)	Total Resources	8,789,392	6,976,052	1,813,340	79.4%	Transportation (25)	Total Resources	8,111,754	6,706,648	1,405,106	82.7%
	Total Expenditures	8,789,392	1,746,354	7,043,038	19.9%		Total Expenditures	8,111,754	1,698,489	6,413,265	20.9%
	Surplus (deficit)	-	5,229,698	(5,229,698)			Surplus (deficit)	-	5,008,159	(5,008,159)	
Bond Redemption (31)	Total Resources	42,530,196	26,191,443	16,338,753	61.6%	Bond Redemption (31)	Total Resources	42,580,858	23,707,874	18,872,984	55.7%
	Total Expenditures	42,530,196	1,250	42,528,946	0.0%		Total Expenditures	42,580,858	3,300	42,577,558	0.0%
	Surplus (deficit)	-	26,190,193	(26,190,193)			Surplus (deficit)	-	23,704,574	(23,704,574)	
CRCP (43)	Total Resources	5,679,557	6,954,725	(1,275,168)	122.5%	CRCP (43)	Total Resources	5,500,507	7,995,725	(2,495,218)	145.4%
	Total Expenditures	5,679,557	2,114,073	3,565,484	37.2%		Total Expenditures	5,500,507	1,565,127	3,935,380	28.5%
	Surplus (deficit)	-	4,840,652	(4,840,652)			Surplus (deficit)	-	6,430,598	(6,430,598)	
Technology (44)	Total Resources	14,072,587	13,387,959	684,628	95.1%	Technology (44)	Total Resources	12,649,107	13,208,955	(559,848)	104.4%
	Total Expenditures	14,072,587	2,432,897	11,639,690	17.3%		Total Expenditures	12,649,107	1,978,436	10,670,671	15.6%
	Surplus (deficit)	-	10,955,062	(10,955,062)			Surplus (deficit)	-	11,230,519	(11,230,519)	