

Capitol Collegiate Academy Board Financial Update

TREVOR SKELTON

APRIL 27, 2020



1. **FY 2018-19 Audit Recap**

2. **COVID-19 Updates**

3. **2019-20 Forecast Update**
 - A. ADA Update
 - B. Updated Annual Forecast
 - C. Updated Cash Flow Forecast

4. **1st 2020-21 Budget Draft**
 - A. Budget Development Schedule
 - B. Student Assumptions
 - C. Budget Overview
 - D. Major Assumptions
 - E. Cash Flow

2018-19 audit submitted in February by CLA

Revenue	<ul style="list-style-type: none">• \$4.2M total audited revenue• \$5K higher than Unaudited Actuals (UA's) – EdTec identified
Expenses	<ul style="list-style-type: none">• \$3.7M total audited expenses
Net Income	<ul style="list-style-type: none">• \$493K total audited net income• Similar to Unaudited Actuals, with slight adjustment above
Fund Balance	<ul style="list-style-type: none">• \$1.49M, or 40.3% of annual budget
Conclusion	<ul style="list-style-type: none">• Two Audit Findings identified: Teacher Credentialing, and After School Education and Safety• No financial impact

COVID-19 Updates

*Recent legislative and budget
developments*

edtec 



With shortened P-2, closed schools get funding – encouraged to:

Deliver educational opportunities

Provide schools meals

Arrange for student supervision

Continue to pay employees

Information is changing daily; schools should stay connected to CDE website and legal briefs for updates



Partial suspension of Brown Act provisions

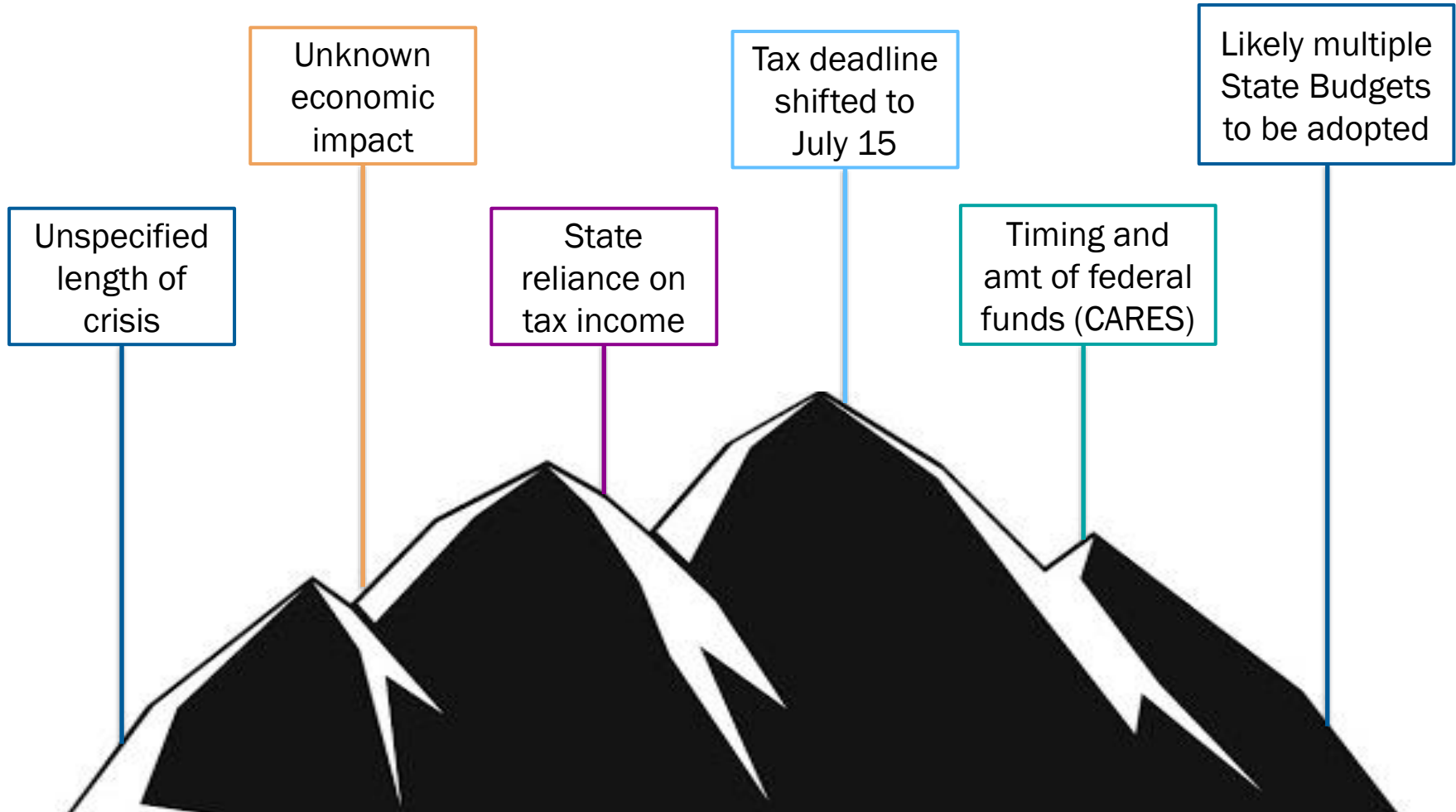
Essential staff permitted to work on site; schools should support remote work as much as possible

Timeline extension/cancellation for EL, CAASPP, SPED, PE

Public lottery should be held by livestream and recorded

One-time funding available for PPE equipment, cleaning supplies, labor

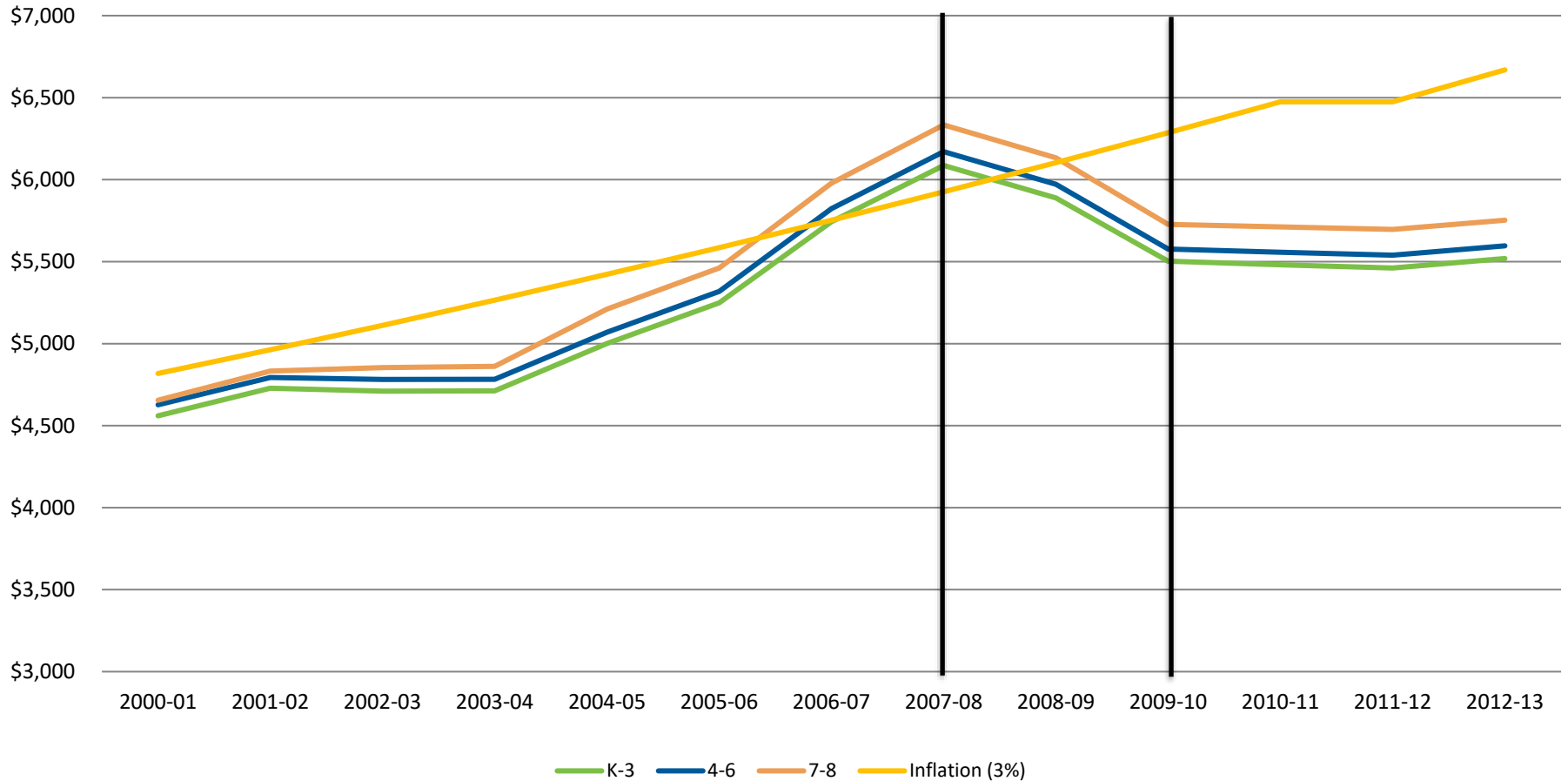
Current Rocky Landscape



Historical Trends – State Revenues

2-year dip in revenues starting 2007-08 then flat for next 3 years

General Purpose and Categorical Block Grants

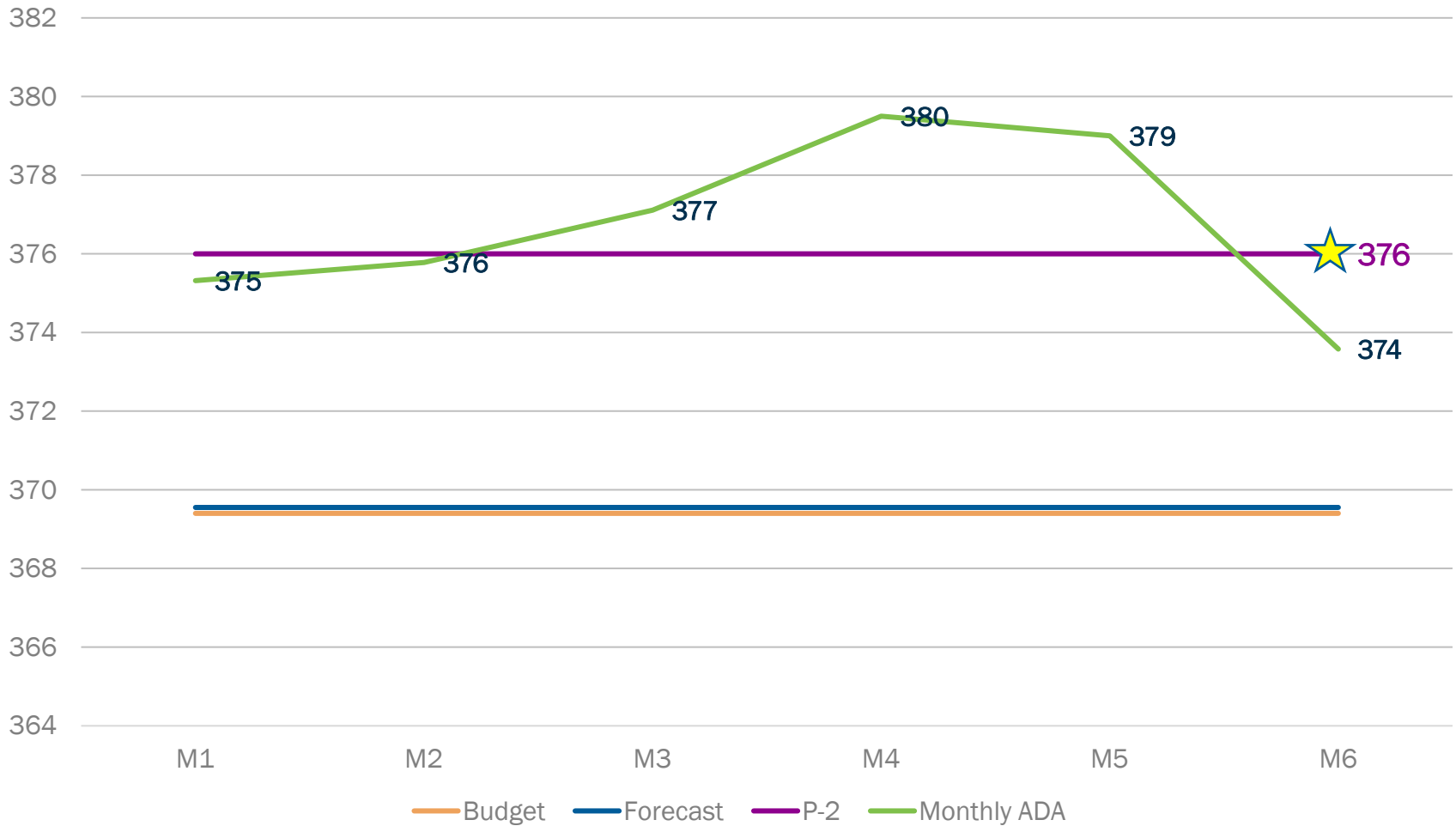


2019-2020 March Forecast Update

Actuals through end of March, 2020



With shortened P-2, excellent ADA of 376 (96.5% ADA), 7 above budget



2019-20 Forecast Update - Summary

Forecast greatly improved to \$284 net income, due to ADA, facilities, staffing

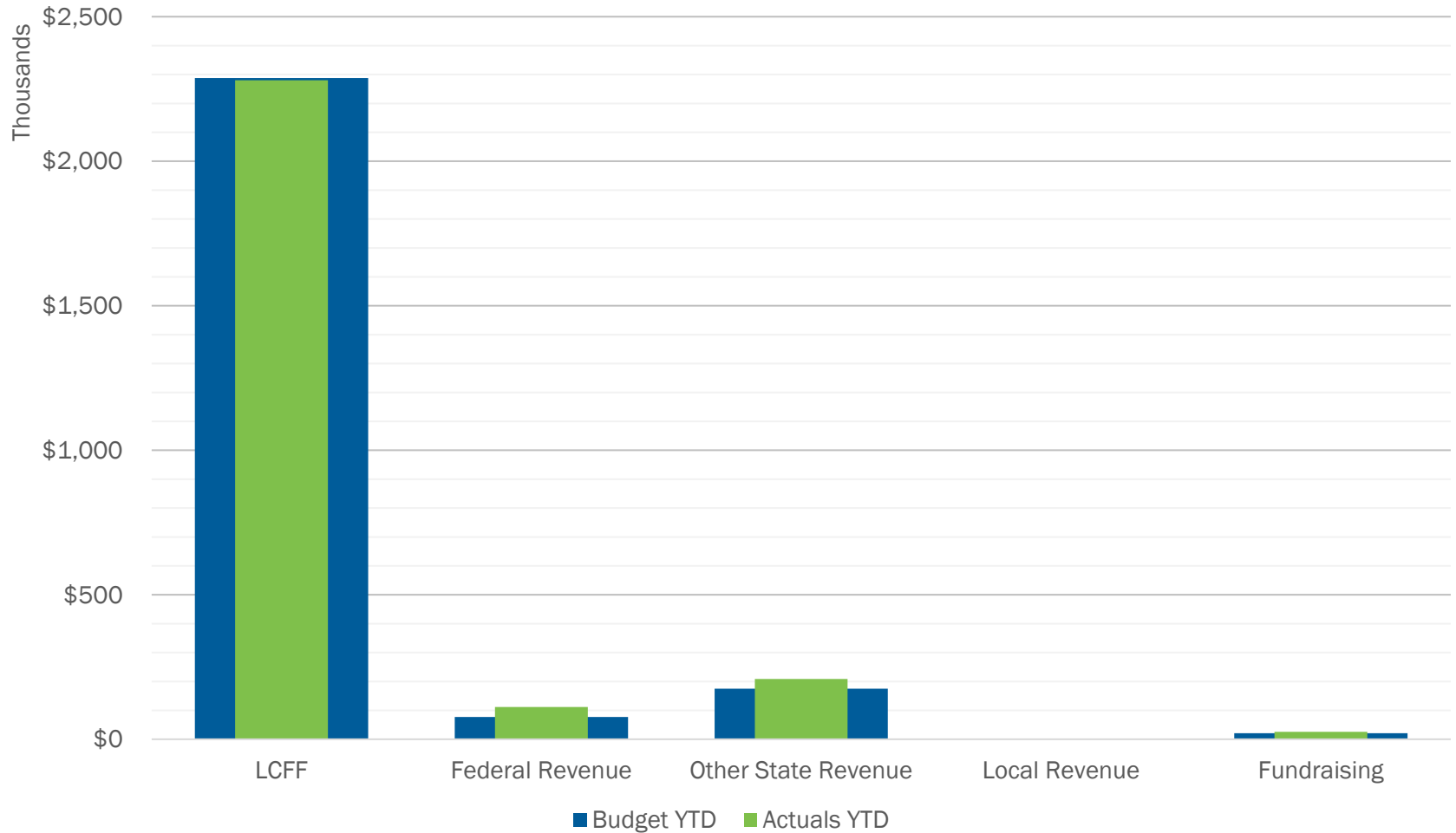
		2019-20	2019-20	Variance
		Previous Forecast	Current Forecast	
Revenue	LCFF Entitlement	3,824,001	3,901,037	77,036
	Federal Revenue	196,667	197,648	981
	Other State Revenues	410,237	423,438	13,201
	Local Revenues	1,000	1,000	-
	Fundraising and Grants	33,769	28,000	(5,769)
	Total Revenue	4,465,675	4,551,123	85,449
Expenses	Compensation and Benefits	3,304,965	3,209,064	95,901
	Books and Supplies	210,099	196,186	13,913
	Services and Other Operating	789,655	758,028	31,627
	Depreciation	139,141	97,013	42,129
	Other Outflows	22,500	7,500	15,000
	Total Expenses	4,466,360	4,267,790	198,569
	Operating Income	(685)	283,333	284,018
	Beginning Balance (Unaudited)	1,481,099	1,481,099	-
	Operating Income	(685)	283,333	284,018
Ending Fund Balance (incl. Depreciation)		1,480,414	1,764,432	284,018
Ending Fund Balance as % of Expenses		33.1%	41.3%	8.2%

2019-20 Forecast Update - Detail

CATEGORY	BOTTOM LINE IMPACT	NOTES
Previous Forecast	(685)	
Staff Vacancy & Leave	77,584	Director of Ops leave, removal of stipends, vacancy
Health and Welfare	18,317	Based on actuals trends
LCFF & ADA Revenues	84,693	8 Additional ADA
Depreciation	42,129	Delayed facilities project to summer 2020
Interest	15,000	Delayed facilities financing to summer 2020
Services & Other Ops	31,627	COVID-19 savings: travel, field trips, fundraising
Books & Supplies	13,913	Trending, COVID-19
COVID-19 Response Funds	6,525	SB117, \$17 per ADA
Fundraising Revenue	(5,769)	Reduction due to school closure
Current Forecast	283,333	

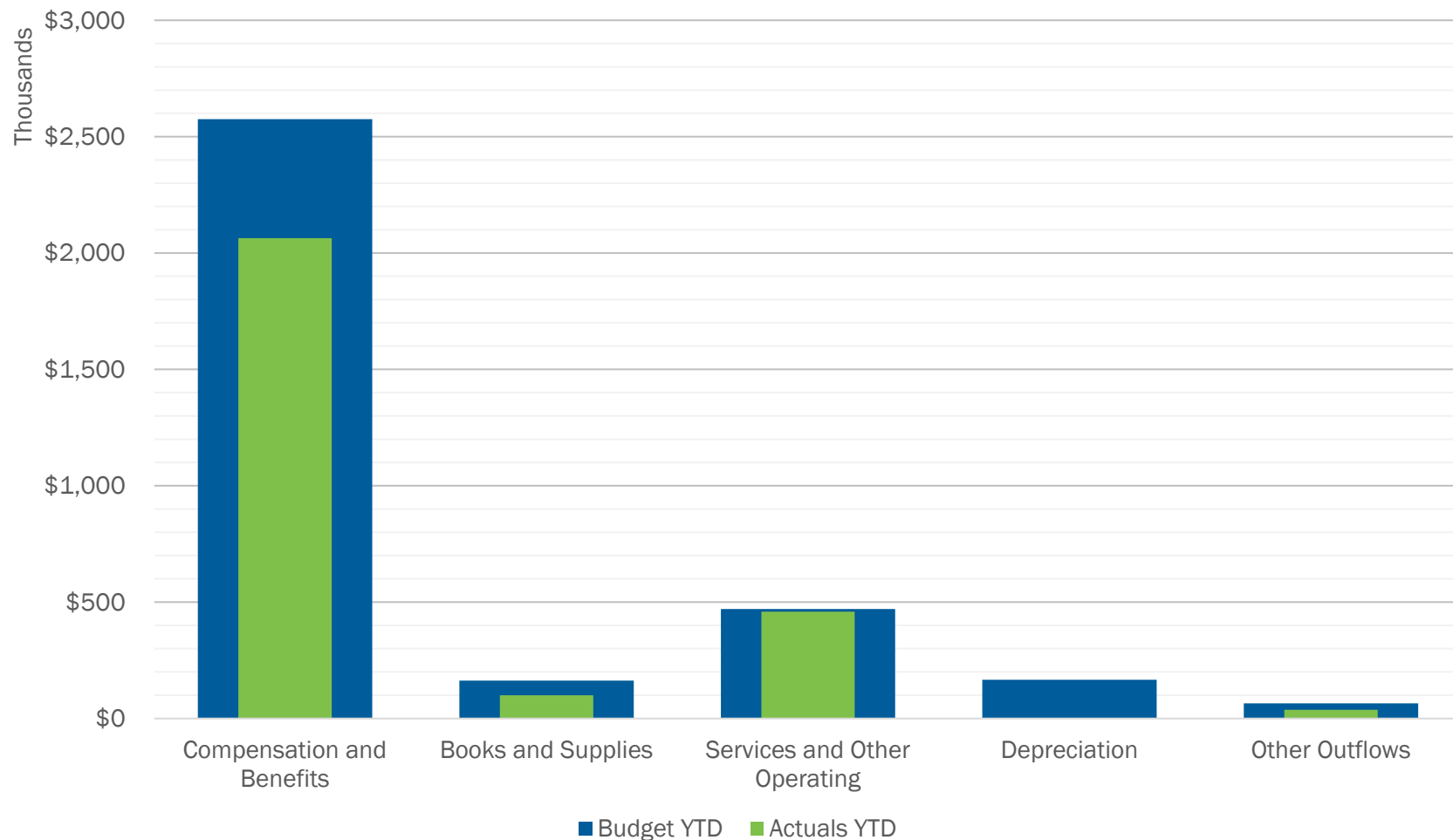
Budget YTD vs Actuals YTD - Revenue

\$2.6M total revenue received - on track or above all revenue categories

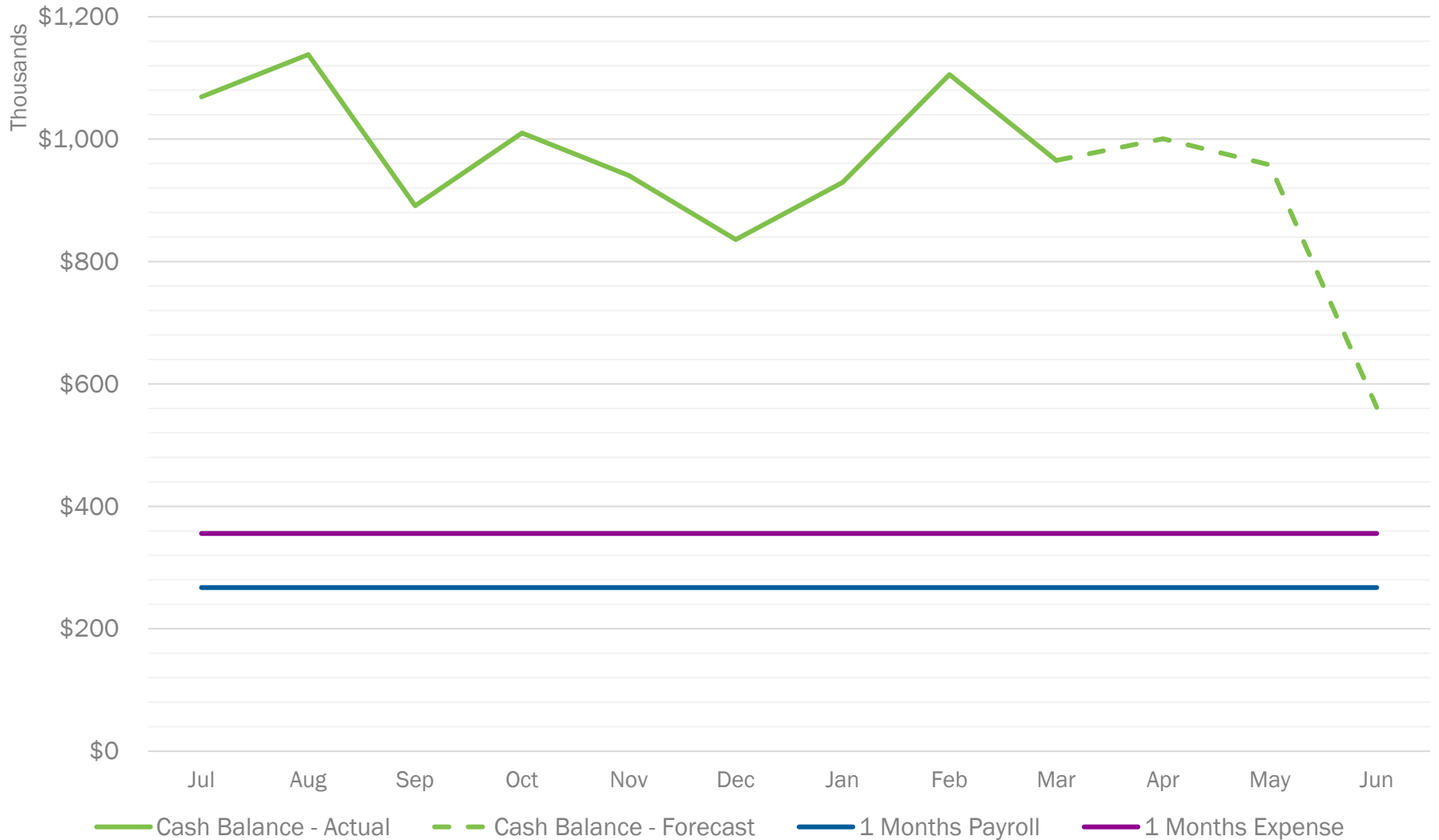


Budget YTD vs Actuals YTD - Expenses

\$2.7M YTD expenses - actuals below budgets in most expense categories



Capital projects will lower cash – but will be left w/ comfortable reserve



Recent Success

- FY 2018-19 Audit submitted
- Very high cash balances
- Exceptional year of ADA and attendance

Current Fiscal Position

- Looking to have a very solid net income this year
- Still a good amount of uncategorized, so current forecasts aren't as accurate as they could be
- Forecast still includes \$55K facilities one-time equipment costs – should try to purchase this fiscal year (before 6/30)

Looking Ahead

- Still uncertainty around:
 - School Closure and COVID-19
 - Facilities Project and Facilities Use Agreement (FUA)
- Will be going into next year with large reserves, which will help weather the coming storm...

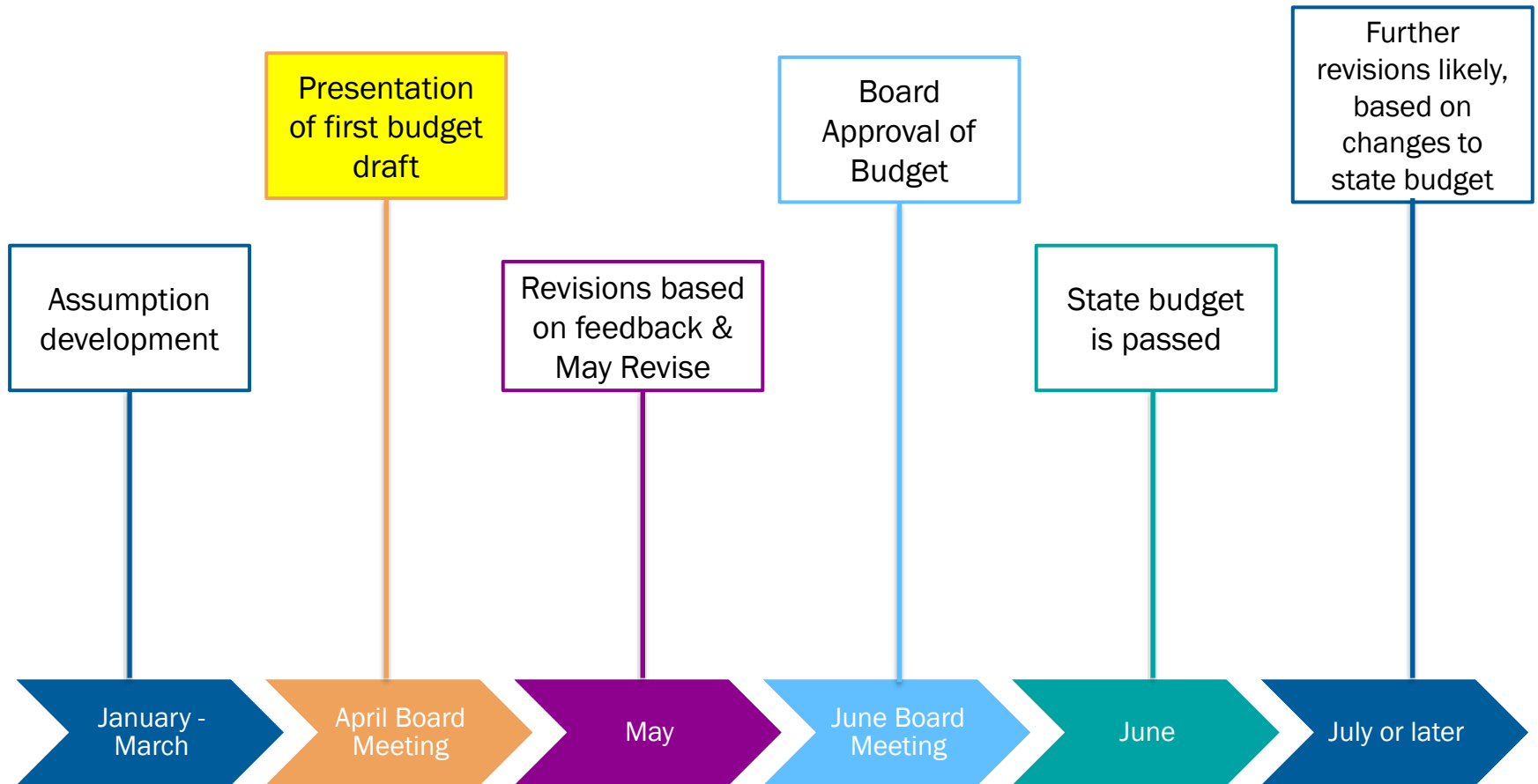
1st 2020-21 Budget Draft

Preliminary draft for review



Budget Development

Process began in January; approval by June 30



2020-21 Student Information

	FY19-20	FY20-21
TK/K	59	60
1st	47	54
2nd	62	54
3rd	43	54
4th	52	50
5th	46	50
6th	43	44
7th	23	40
8th	15	22
Total Enrollment	390	428
Attendance Percentage	96.5%	96.0%
ADA	376	411
Unduplicated Pupil Percentage	89%	89%

2020-21 Personnel Assumptions



Position	2019-20 Effective FTE	2020-21 Effective FTE
Teachers	20	23 +3 Teachers
Schoolwide Sub	2	2
Education Specialist, SLP, School Psych	1.5	4 +2 Ed Specialist +0.5 School Psych
Leadership (AP, IC, Principal)	7	7 IC -> Director of Student Life
SpEd Aide	2	0 -2 SpEd Aide
Instructional Aides	3.6	4.6 +1 Schoolwide Teacher (Attendance/Behavior)
Operations Staff	6.5	4.3 -1 Student Life Coordinator +0.5 Business & Special Projects -1 Attendance/Enrollment
Afterschool	1.75	3
Total Effective FTE	44.35	48

Key Revenue Assumption

Key Assumption	FY19-20	FY20-21	Rationale
LCFF	\$10,366/ADA	\$9,840/ADA	<ul style="list-style-type: none">• Uncertainty here, w/ further clarity early May, but conservative -5% COLA used• Each 1% is ~\$40K additional revenue.
CARES Act	\$0	\$100K	<ul style="list-style-type: none">• One-time, Federal COVID-19 relief funding• Estimated at ~72-80% of 19-20 Title I allocation
ASES	\$119,225	\$177,559	<ul style="list-style-type: none">• Assuming increase to middle school cap awarded

Key Expense Assumptions

Key Assumption	Value	Rationale
Personnel	Average Salary Increase for returning staff: 7%	<ul style="list-style-type: none">Despite uncertain times, our staff are our most valuable assets and what we should be investing in
Healthcare Costs	- 7% per person	<ul style="list-style-type: none">While keeping salaries high, we plan to increase employee contributions for dependents, ~\$50K savings
STRS	17.1% → 18.4%	<ul style="list-style-type: none">Statutory rate increase, though could change: \$30K
Supplies, Services Expense COLA	2%	<ul style="list-style-type: none">2-3% generally used
Books and Supplies	Reduced one-time costs	<ul style="list-style-type: none">Keeping budgets in line with 19/20, slim per pupil increases
SpEd Contractors	\$95K → \$35K	<ul style="list-style-type: none">Moving Psychologist to staff
Depreciation and Interest	\$105K → \$434K	<ul style="list-style-type: none">Facilities projects completed will mean \$300K+ in depreciation, loan interest costs (for next 5 years)

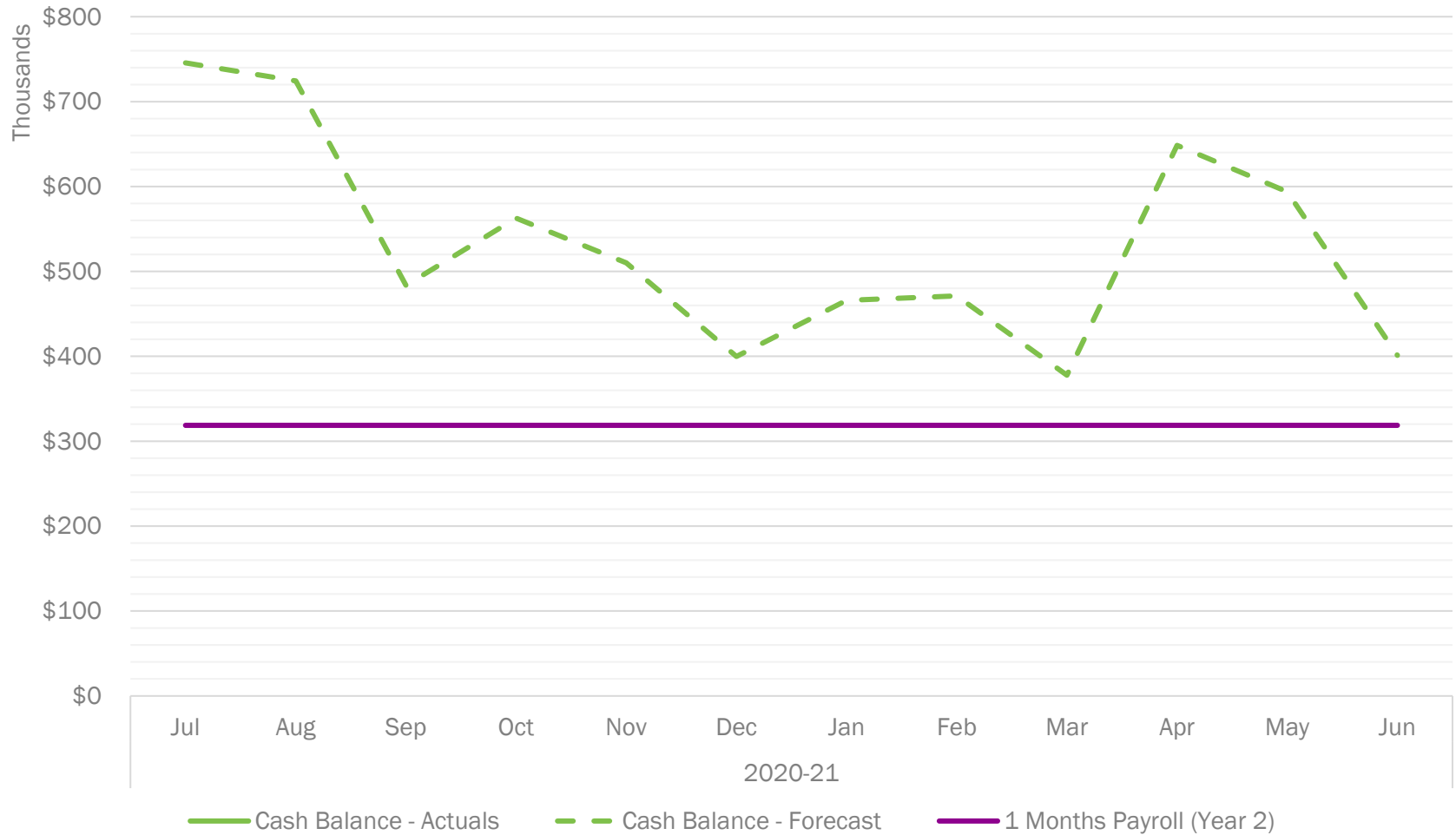
2020-21 Budget Summary

Projected LCFF funding cuts = dipping into reserves to fund facilities, comp.

		2019-20	2020-21
		Current Forecast	Projected Budget
Revenue	LCFF Entitlement	3,901,037	4,043,013
	Federal Revenue	197,648	311,591
	Other State Revenues	423,438	507,610
	Local Revenues	1,000	1,000
	Fundraising and Grants	28,000	34,000
	Total Revenue	4,551,123	4,897,214
Expenses	Compensation and Benefits	3,209,064	3,824,904
	Books and Supplies	196,186	157,106
	Services and Other Operating	758,028	700,154
	Depreciation	97,013	348,619
	Other Outflows	7,500	85,098
	Total Expenses	4,267,790	5,115,881
	Operating Income	283,333	(218,667)
	Beginning Balance (Audited)	1,486,517	1,769,850
	Operating Income	283,333	(218,667)
Ending Fund Balance (incl. Depreciation)		1,769,850	1,551,184
Ending Fund Balance as % of Expenses		41.5%	30.3%

2020-21 Cash Flow Projection

Even with a loss and 5-year loan, would not have cash flow problems 20/21



Multi Track Budgeting

May Revise will give us additional information on possible LCFF funding cuts



Cash Position

Cash position important to monitor closely after completion of facilities project



Possibility of Deferrals

How does cash hold up with deferrals in any budgeting scenario? Working capital?



Plan Long-Term

The choices we make now will have long-term impacts; must plan 3-5 years out