



# AGENDA

## Finance Committee

Thursday, June 8, 4:15pm

Navigator Schools Support Office/Teleconference

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**TELECONFERENCE LOCATIONS & AGENDA POSTING SITES:**

- Support Office - 650 San Benito Street, Suite 230, Hollister, CA 95023
- 5858 Horton Street, Suite 451, Emeryville, CA 94608
- 900 Island Parkway, Redwood City, CA 94065
- 83 Great Oaks Blvd., San Jose, CA 95119

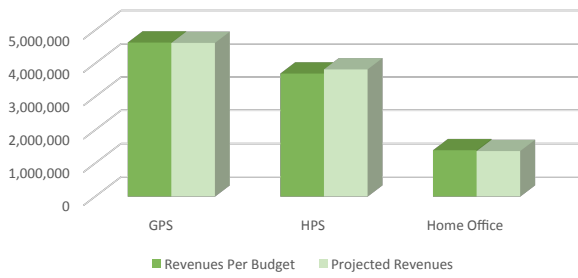
Navigator Schools Website

Zoom phone number: 1-646-558-8656 – Zoom code: 711 533 215

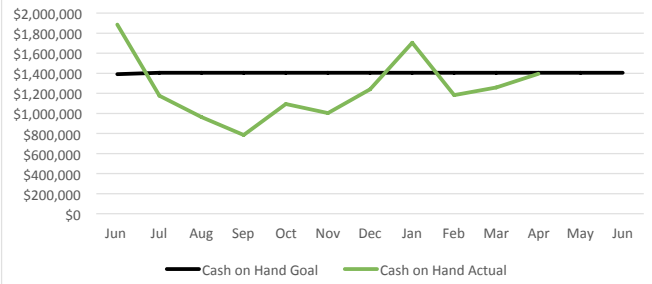
**NOTE:** Times listed for Agenda Items are *estimates only*. Actual times may vary substantially dependent on circumstances.

Time	Item	Objective
4:15	A. Public Comment on items not covered on the agenda	Discussion
4:20	B. Review of current financials with dashboard	Discussion
4:30	C. Local Control and Accountability Plan (LCAP)	Discussion
4:50	D. Review of Proposed 2017-18 Budget	Discussion
5:05	E. Finance Committee as Board Committee vs. Advisory Committee	Discussion
5:15	F. Reminder for next meeting Adjournment	Discussion

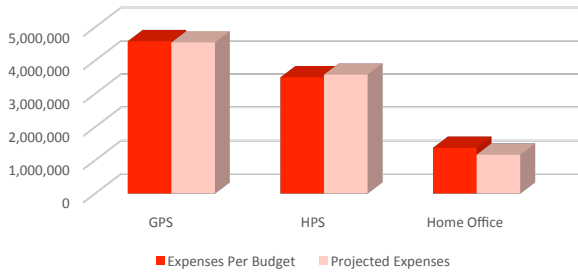
Revenue Report



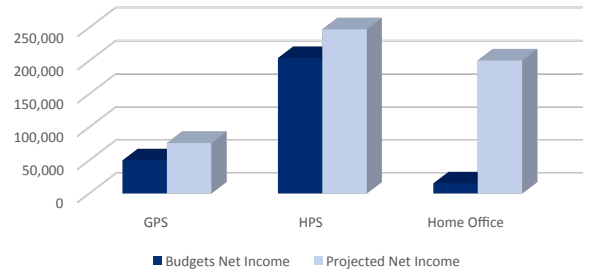
Cash Balance - Month End



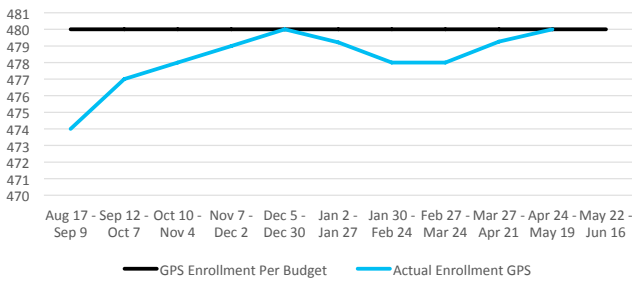
Expense Report



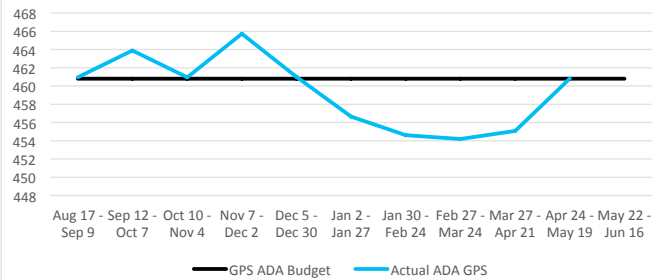
Net Income



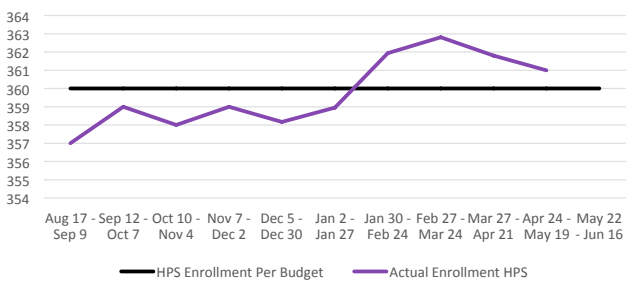
GPS Enrollment by Month



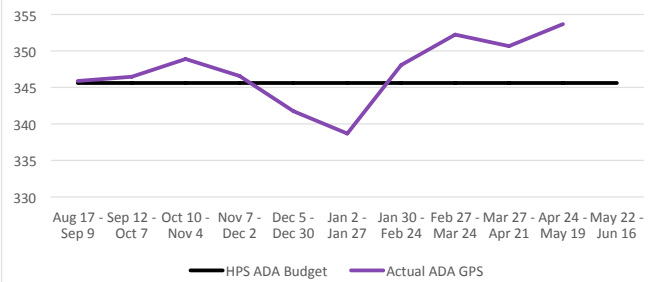
GPS ADA by Month



HPS Enrollment by Month



HPS ADA by Month



Navigator Schools - Financial Data  
June 2017

<u>Attendance and Enrollment Data</u>	<u>Total</u>	<u>GPS</u>	<u>HPS</u>
2016-17 ADA - Approved Budget	804.5	458.9	345.6
2016-17 ADA - cumulative through 5/31/17	806.7	459.38	347.3
2016-17 ADA % - cumulative through 5/31/17	96.3%	96.1%	96.5%
2016-17 Enrollment - Approved Budget	838.0	478.0	360.0
2016-17 Opening Day Enrollment	829.0	468.0	361.0
2016-17 Enrollment - cumulative through 5/31/17	838.0	478.2	359.8
2016-17 Enrollment - as of 5/31/17	844.0	480.0	364.0



	<u>Actual</u>	<u>Goal</u>
Cash balance as of 5/31/17	2,021,379	1,341,709
Annual Expenditures (not including CMO Mgmt Fees)	8,050,251	8,050,251
Number of Months Cash on Hand	3.01	2.00

Navigator Schools  
 Financial Board Report Narrative  
 June 1, 2017

From: Bryan Adams

2016-17 Net Income

	<u>June Bd Rpt</u>	<u>Orig Bd Rpt</u>	<u>Apr Bd Rpt</u>
CMO	\$201k	\$15k	\$149k
Gilroy Prep	\$76k	\$50k	\$135k
Hollister Prep	\$247k	\$205k	\$256k
Total	\$524k	\$270k	\$540k

- Changes from April Board Report The CMO's increase in net income from the April board is due primarily to a \$85k grant from Silicon Schools. This grant is to fund the salary and benefits of a CMO position of Innovation Fellow in 2017-18. The decrease in net income for the two schools is due primarily to new estimates in the attendance based revenue (new FCMAT calculator available on May 22).
- Variance from Original Budget The current projected net income of \$524k exceeds the original budget by \$254k, and the projected fund balance at 6/30/17 is projected to be about \$3MM. The net income variances from the original budget by entity are as follows:
  - **CMO net income favorable variance of \$186k (\$201k - \$15k)** is a result of the following:
    - \$306k favorable variance in salary & benefits because
      - 1) The Director of Finance left in July and was not replaced.
      - 2) starting in October (when the principal left) James Dent's salary was mostly allocated to GPS as he is now the principal of GPS and only part-time at the CMO.
      - 3) The SPED director's salary has been reallocated directly to the schools.
    - \$85k grant from Silicon Schools to fund a 2017-18 position.
    - \$20k favorable variance for charging HPS's district for training.
    - (\$137k) unfavorable variance in CMO fees, partly due to reducing the CMO management fee from 19.3% to 18% (no effect on total NI), and partly due to a reduction in LCFF revenue which decreases the CMO management fees.
    - (\$75k) unfavorable variance in consulting expense for Abacus consulting, which is functioning as the interim Director of Finance. This partially offsets the savings from the Director of Finance's salary and benefits, resulting in a net favorable variance in total expenses.
    - (\$13k) unfavorable variance in various other expenses.

- **Gilroy Prep net income favorable variance of \$26k (\$76k - \$50k)** is a result of the following:
  - \$87k favorable variance for mandated cost reimbursement revenue.
  - \$71k favorable variance in CMO fees as a result of reducing the percentage charged from 19.3% to 18%.
  - \$43k favorable variance in books and classroom supplies.
  - \$42k favorable variance in repairs & maintenance. This is mostly due to a contractor changing to an employee (the salary variance would be even more favorable if this person had not become an employee).
  - \$17k favorable variance for dues and licenses.
  - \$14k favorable variance salaries & benefits after a thorough review of projected hourly wages.
  - (\$115k) unfavorable variance in LCFF funding due to the new FCMAT calculator becoming available from the CDE.
  - (\$67k) unfavorable variance in technology software that was a timing issue for July 2016 expenditures that were received late and were originally budgeted in 2015-16.
  - (\$50k) unfavorable variance in depreciation expense.
  - (\$12k) unfavorable variance in special education contractors expense because the expense of a speech teacher was moved to a contractor (the salary variance would be less favorable if this person had remained an employee).
  - (\$4k) unfavorable variance in various other expenses.
- **Hollister Prep net income favorable variance of \$42k (\$247 - \$205k)** is a result of the following:
  - \$100k favorable variance for a grant from Silicon Schools.
  - \$87k favorable variance for Prop 39 revenue not budgeted. This is offset by Prop 39 capital expenditures (for clean energy facility upgrades) that are being depreciated and not expensed.
  - \$63k favorable variance in CMO fees as a result of reducing the percentage charged from 19.3% to 18%.
  - \$62k favorable variance for mandated cost revenue.
  - \$42k favorable variance in books and classroom supplies.
  - \$23k favorable variance in special education contractors.
  - \$10k favorable variance in parent club donations.
  - (\$173k) unfavorable variance in salaries & benefits due partially to special ed needs. We also allocated most of the SPED director's salary directly to HPS.
  - (\$131k) unfavorable variance in LCFF funding due to the new FCMAT calculator becoming available from the CDE.
  - (\$29k) unfavorable variance in technology software.
  - (\$15k) unfavorable variance in depreciation expense.
  - \$3k favorable variance in various other expenses.

Navigator Schools - 2016-17 Budget Summary  
June 2017

Income Statement - Combined CMO/GPS/HPS	2016-17 Projected (Estimate)	2016-17 Original Budget	Variance Favorable (Unfavorable)
Revenue	9,813,930	9,725,917	88,013
Expenses	9,289,969	9,456,335	166,366
<b>Net Income - GAAP basis (audit)</b>	<b>523,961</b>	<b>269,582</b>	<b>254,379</b>
Less Capital Outlay	-262,175	-72,053	-190,122
Revenue less expenses & capital outlay	261,786	197,529	64,257

	2016-17
Beginning Fund Balance	2,469,528
<b>Net Income - GAAP basis (audit)</b>	<b>523,961</b>
Ending Fund Balance	<u>2,993,489</u>

Revenues/Student *	10,211
Expenses/Student *	9,584
Fund Balance/Student	3,564

\* Revenues and Expenses per student do not include CMO Management Fee Revenue/Expense because that is an intercompany charge.

Navigator Schools - 2016-17 Projection & Budget  
June 2017

**2016-17 Approved Budget v. Projection:**

	Total Latest Projection	Total Approved Budget	Variance Favorable (Unfavorable)	GPS Latest Projection	GPS Approved Budget	Variance Favorable (Unfavorable)	HPS Latest Projection	HPS Approved Budget	Variance Favorable (Unfavorable)	CMO Latest Projection	CMO Approved Budget	Variance Favorable (Unfavorable)
<b>REVENUE:</b>												
LCFF Revenue	6,871,665	7,118,383	-246,718	3,754,498	3,869,734	-115,236	3,117,167	3,248,649	-131,482	0	0	0
Federal Revenue	347,253	338,070	9,183	235,954	223,188	12,766	111,299	114,882	-3,583	0	0	0
Other State Revenue	992,184	757,608	234,576	539,161	453,208	85,953	453,022	304,400	148,622	0	0	0
Donations & Grants	226,469	0	226,469	6,000	0	6,000	110,469	0	110,469	110,000	0	110,000
Other Revenue	139,459	138,008	1,451	84,838	85,708	-870	31,921	32,300	-379	22,700	20,000	2,700
CMO Management Fees	1,236,900	1,373,848	-136,948							1,236,900	1,373,848	-136,948
<b>REVENUE</b>	<b>9,813,930</b>	<b>9,725,917</b>	<b>88,013</b>	<b>4,620,451</b>	<b>4,631,838</b>	<b>-11,387</b>	<b>3,823,878</b>	<b>3,700,231</b>	<b>123,647</b>	<b>1,369,600</b>	<b>1,393,848</b>	<b>-24,248</b>
<b>EXPENDITURES:</b>												
Salaries	4,592,549	4,717,763	125,214	2,152,284	2,147,577	-4,707	1,695,331	1,555,996	-139,335	744,934	1,014,190	269,256
Benefits & Taxes	1,098,305	1,119,910	21,605	529,833	548,899	19,066	415,060	381,043	-34,017	153,412	189,968	36,556
Books & Supplies	1,063,830	1,084,065	20,235	625,443	623,043	-2,400	402,087	439,209	37,122	36,300	21,813	-14,487
Services & Other Operating Expense	1,230,767	1,160,749	-70,018	511,065	515,404	4,339	485,290	492,746	7,456	234,412	152,599	-81,813
CMO Management Fees	1,239,718	1,373,848	134,130	675,810	746,859	71,049	563,908	626,989	63,081			
Capital Outlay	262,175	72,053	-190,122	115,323	29,353	-85,970	146,852	42,700	-104,152			0
<b>EXPENDITURES</b>	<b>9,487,344</b>	<b>9,528,388</b>	<b>41,044</b>	<b>4,609,758</b>	<b>4,611,135</b>	<b>1,377</b>	<b>3,708,528</b>	<b>3,538,683</b>	<b>-169,845</b>	<b>1,169,058</b>	<b>1,378,570</b>	<b>209,512</b>
<b>REVENUE LESS EXPENDITURES</b>	<b>326,586</b>	<b>197,529</b>	<b>129,057</b>	<b>10,693</b>	<b>20,703</b>	<b>-10,010</b>	<b>115,351</b>	<b>161,548</b>	<b>-46,197</b>	<b>200,542</b>	<b>15,278</b>	<b>185,264</b>
<b>GAAP Adjustments:</b>												
Revenue Less Expenditures	326,586	197,529	129,057	10,693	20,703	-10,010	115,351	161,548	-46,197	200,542	15,278	185,264
Add back Capital Outlay to Net income	262,175	72,053	190,122	115,323	29,353	85,970	146,852	42,700	104,152	0	0	0
Subtract Depreciation Expense	-64,800	0	-64,800	-50,000	0	-50,000	-14,800	0	-14,800	0	0	0
<b>Net Income - GAAP Basis 2016-17</b>	<b>523,961</b>	<b>269,582</b>	<b>254,379</b>	<b>76,016</b>	<b>50,056</b>	<b>25,960</b>	<b>247,402</b>	<b>204,248</b>	<b>43,154</b>	<b>200,542</b>	<b>15,278</b>	<b>185,264</b>
Beginning Net Assets @ 6/30/16	2,469,528			1,413,692			1,087,023			-31,187		
Net Income - GAAP Basis 2016-17	523,961			76,016			247,402			200,542		
Ending Net Assets @ 6/30/17	<u>2,993,489</u>			<u>1,489,708</u>			<u>1,334,426</u>			<u>169,355</u>		

2017-18 Preliminary Budget

CMO	<b>\$42k</b>
Gilroy Prep	<b>\$394k</b>
Hollister Prep	<b><u>\$285k</u></b>
<b>Total</b>	<b>\$721k</b>

- The total net income of \$721k reflects the following general assumptions:
  - Fundraising goal of \$157k as follows: \$130k for the CMO, \$10k for HPS, and \$17k for GPS.
  - Enrollment will increase from roughly 840 in 2016-17 to 960 in 2017-18 due to the addition of one grade at each campus. Hollister Prep is increasing from 360 to 420 students (16.67% increase), and Gilroy Prep is increasing from 480 to 540 students (12.50% increase).
  - New teachers added to the schools in proportion to the increase in enrollment.
  - CMO fees as a % of LCFF revenue remains at 18% in 2017-18.
  - A salary increase of 4% for school employees (both teacher and administrative), and 3% for all CMO employees. These are average increases, and will be applied to each employee based on merit. These percentage increases do not include raises due to promotions.
  - 5.5 new positions at the CMO with combined salaries of \$386,500 for the following:
    - Data Analyst/Curriculum Specialist
    - Special Projects Coordinator/Exec Assistant
    - Accounting & Payroll Clerk
    - Community Organizer
    - .5 FTE for an IT Admin (Part Time to Full Time)
    - Innovation Fellow - funded by Silicon Schools in 16-17.
  - Benefits will increase by a slightly higher percent than salaries because of two factors:
    - STRS contribution rate increasing from 12.58% in 2016-17 to 14.43% in 2017-18.
    - Health insurance inflation is estimated at 8%.
  - Additional state mandated cost reimbursement revenue is omitted for now, until we receive word that this funding will exist next year. If this funding is renewed, revenue for the two schools would increase by a combined amount of roughly \$80k.
  - Other revenue and expense is for the most part projected to increase by the percentage increase in enrollment.



Navigator Schools - 2017-18 Preliminary Budget  
June 2017

**2017-18 Preliminary Budget:**

	Total Preliminary Budget	Change from 2016-17 est.	% Change from 2016-17 est.	GPS Preliminary Budget	Change from 2016-17 est.	% Change from 2016-17 est.	HPS Preliminary Budget	Change from 2016-17 est.	% Change from 2016-17 est.	CMO Preliminary Budget	Change from 2016-17 est.	% Change from 2016-17 est.
<i>Enrollment Projection</i>	960	120	14.29%	540	60	12.50%	420	60	16.67%			
<b>REVENUE:</b>												
LCFF Revenue	8,055,232	1,183,567	16.6%	4,377,511	623,013	16.1%	3,677,721	560,554	17.3%	0	0	
Federal Revenue	403,203	55,950	16.5%	270,757	34,803	15.6%	132,446	21,147	18.4%	0	0	
Other State Revenue	771,475	-220,709	-29.1%	441,906	-97,255	-21.5%	329,569	-123,453	-40.6%	0	0	
Donations & Grants	156,885	-69,584		16,885	10,885		10,000	-100,469		130,000	20,000	
Other Revenue	154,631	15,172	11.0%	104,744	19,906	23.2%	49,887	17,966	55.6%	0	-22,700	-113.5%
CMO Management Fees	1,449,942	213,042	15.5%							1,449,942	213,042	15.5%
<b>REVENUE</b>	<b>10,991,368</b>	<b>1,177,438</b>	<b>12.1%</b>	<b>5,211,803</b>	<b>591,352</b>	<b>12.8%</b>	<b>4,199,623</b>	<b>375,745</b>	<b>10.2%</b>	<b>1,579,942</b>	<b>210,342</b>	<b>15.1%</b>
<b>EXPENDITURES:</b>												
Salaries	5,166,066	573,517	12.2%	2,301,008	148,724	6.9%	1,831,375	136,044	8.7%	1,033,683	288,749	28.5%
Benefits & Taxes	1,368,284	269,979	24.1%	639,244	109,411	19.9%	529,291	114,231	30.0%	199,749	46,337	24.4%
Books & Supplies	829,728	-234,102	-21.6%	485,740	-139,703	-22.4%	290,216	-111,871	-25.5%	53,772	17,472	80.1%
Services & Other Operating Expense	1,380,571	149,804	12.9%	553,777	42,712	8.3%	576,515	91,225	18.5%	250,279	15,867	10.4%
CMO Management Fees	1,449,942	210,224	15.3%	787,952	112,142	15.0%	661,990	98,082	15.6%			
Capital Outlay	157,550	-18,664	-25.9%	101,025	71,663	244.1%	56,525	-90,327	-211.5%	0	0	
<b>EXPENDITURES</b>	<b>10,352,141</b>	<b>950,758</b>	<b>10.0%</b>	<b>4,868,746</b>	<b>344,949</b>	<b>7.5%</b>	<b>3,945,912</b>	<b>237,384</b>	<b>6.7%</b>	<b>1,537,483</b>	<b>368,425</b>	<b>26.7%</b>
<b>REVENUE LESS EXPENDITURES</b>	<b>639,227</b>	<b>226,680</b>	<b>114.8%</b>	<b>343,057</b>	<b>246,403</b>	<b>1190.2%</b>	<b>253,711</b>	<b>138,360</b>	<b>85.6%</b>	<b>42,459</b>	<b>-158,083</b>	<b>-1034.7%</b>
<b>GAAP Adjustments:</b>												
Revenue Less Expenditures	639,227			343,057			253,711			42,459		
Add back Capita Outlay to Net income	157,550			101,025			56,525			0		
Subtract Depreciation Expense	-75,800			-50,362			-25,438			0		
Net Income - GAAP Basis 2017-18	<u>720,977</u>			<u>393,720</u>			<u>284,798</u>			<u>42,459</u>		
Beginning Net Assets @ 6/30/17 (latest projections)	2,993,489			1,489,708			1,334,426			169,355		
Net Income - GAAP Basis 2017-18	<u>720,977</u>			<u>393,720</u>			<u>284,798</u>			<u>42,459</u>		
Ending Net Assets @ 6/30/18	<u>3,714,466</u>			<u>1,883,428</u>			<u>1,619,224</u>			<u>211,814</u>		

Navigator Schools - 2017-18 Budget Comparison to 2016-17  
June 2017

Income Statement - Combined <i>CMO/GPS/HPS</i>	<b>2017-18 Preliminary Budget</b>	2016-17 Projected
Revenue	<b>10,991,368</b>	9,813,930
Expenses	<b>10,270,391</b>	9,289,969
<b>Net Income - GAAP basis (audit)</b>	<b>720,977</b>	523,961
Less Capital Outlay	<b>-157,550</b>	<b>-262,175</b>
Revenue less expenses & capital outlay	<b>563,427</b>	261,786

	<u>2017-18</u>	<u>2016-17</u>
Beginning Fund Balance	<b>2,993,489</b>	2,469,528
<b>Net Income - GAAP basis (audit)</b>	<b>720,977</b>	523,961
Ending Fund Balance	<b>3,714,466</b>	2,993,489

Revenues/Student *	<b>9,939</b>	10,211
Expenses/Student *	<b>9,188</b>	9,584
Fund Balance/Student at Year End	<b>3,869</b>	3,564

\* Revenues and Expenses per student do not include CMO Management Fee Revenue/Expense because that is an intercompany charge.

**Navigator Schools  
Cash Balance (Actuals thru 5/31/17)**

