



Navigator Schools

Finance Committee

Date and Time

Thursday May 3, 2018 at 3:00 PM PDT

Location

650 San Benito Suite, Suite 230, Hollister, CA 95023

Teleconference Locations

- 827 Broadway, Suite 300, Oakland, CA 94607
- 303 Twin Dolphin Drive Suite 600, Redwood City CA 94065

Teleconference Instructions

- Join from PC, Mac, Linux, iOS or Android: <https://navigatorschools.zoom.us/j/368241640>
 - Telephone: +1 669 900 6833 or +1 408 638 0968 or +1 646 876 9923
 - Meeting ID: 368 241 640
-

Agenda

I. Opening Items

Opening Items

A. Record Attendance and Guests

B. Call the Meeting to Order

C. Approve Minutes

Approve minutes for Finance Committee on February 27, 2018

II. Finance

Finance

A. 2017-18 Financials with Dashboard

Highlights of the 2017-18 budget will be compared with year-to-date actuals. Significant changes to projections will be identified and discussed.

B. Preliminary 2018-19 Budget

Present and discuss preliminary 2018-19 budgets for CMO, HPS, GPS, and WPS. Documents to be presented include the 2018-19 Budget and the 2018-19 Narrative.

C. LCAP Update

Ami will share the current status of this year's LCAP update process.

III. Other Business

A. Facilities Update

Kevin will provide an update regarding long-term facilities planning for GPS and HPS.

B. NS Professional Development (PD) Provision Contracts

The committee will discuss issues, procedures, and timelines for professional development services provided by NS to external agencies.

IV. Closing Items

A. Adjourn Meeting

Coversheet

Approve Minutes

Section: I. Opening Items
Item: C. Approve Minutes
Purpose: Approve Minutes
Submitted by:
Related Material: Minutes for Finance Committee on February 27, 2018

APPROVED



Navigator Schools

Minutes

Finance Committee

Date and Time

Tuesday February 27, 2018 at 3:00 PM

Location

650 San Benito Street, Suite 230, Hollister CA 95023

Teleconference Locations

- 83 Great Oaks Blvd., San Jose CA 95119
- 900 Island Drive, Redwood City CA 94065

Teleconference Instructions

- Meeting ID: 689 104 265
- Dial by phone: US: +1 646 876 9923 or +1 669 900 6833 or +1 408 638 0968
- Join from PC, Mac, Linux, iOS or Android: <https://navigatorschools.zoom.us/j/689104265>

Committee Members Present

Joyce Montgomery (remote), Nora Crivello (remote)

Committee Members Absent

Caitrin Wright

Guests Present

Ami Ortiz, Bryan Adams, Kevin Sved, Sean Martin

I. Opening Items

A. Record Attendance and Guests

B. Call the Meeting to Order

Joyce Montgomery called a meeting of the Finance Committee of Navigator Schools to order on Tuesday Feb 27, 2018 at 3:01 PM.

C. Approve Minutes

Joyce Montgomery made a motion to approve minutes from the Finance Committee on 12-05-17 Finance Committee on 12-05-17.

Nora Crivello seconded the motion.

The committee **VOTED** unanimously to approve the motion.

II. Finance

A. 2017-18 Financials with Dashboard

The committee discussed variance, position control, income, expenses, cash balance, and enrollment and attendance data, including an in-depth discussion of average daily attendance (ADA) and related terminology.

B. Preliminary 2018-19 Budget

The committee reviewed the preliminary budget. Key components of the discussion included the CMO fee, added positions, salary ranges and increases, LCAP feedback and development, and PBIS.

III. Other Business

A. Cash Management Policy

The committee discussed the insurance and protection of funds. Efficient and practical strategies related to the safety of funds were considered. Internal control policies were also mentioned.

IV. Closing Items

A. Adjourn Meeting

Joyce Montgomery made a motion to adjourn the meeting.

Nora Crivello seconded the motion.

The committee **VOTED** unanimously to approve the motion.

There being no further business to be transacted, and upon motion duly made, seconded and approved, the meeting was adjourned at 3:50 PM.

Respectfully Submitted,
Sean Martin

Coversheet

2017-18 Financials with Dashboard

Section: II. Finance
Item: A. 2017-18 Financials with Dashboard
Purpose: Discuss
Submitted by:
Related Material: May 17_18 Financials.docx - Google Docs.pdf



2017-18 Financial Report Narrative
 May 3, 2018
 Finance Committee Meeting

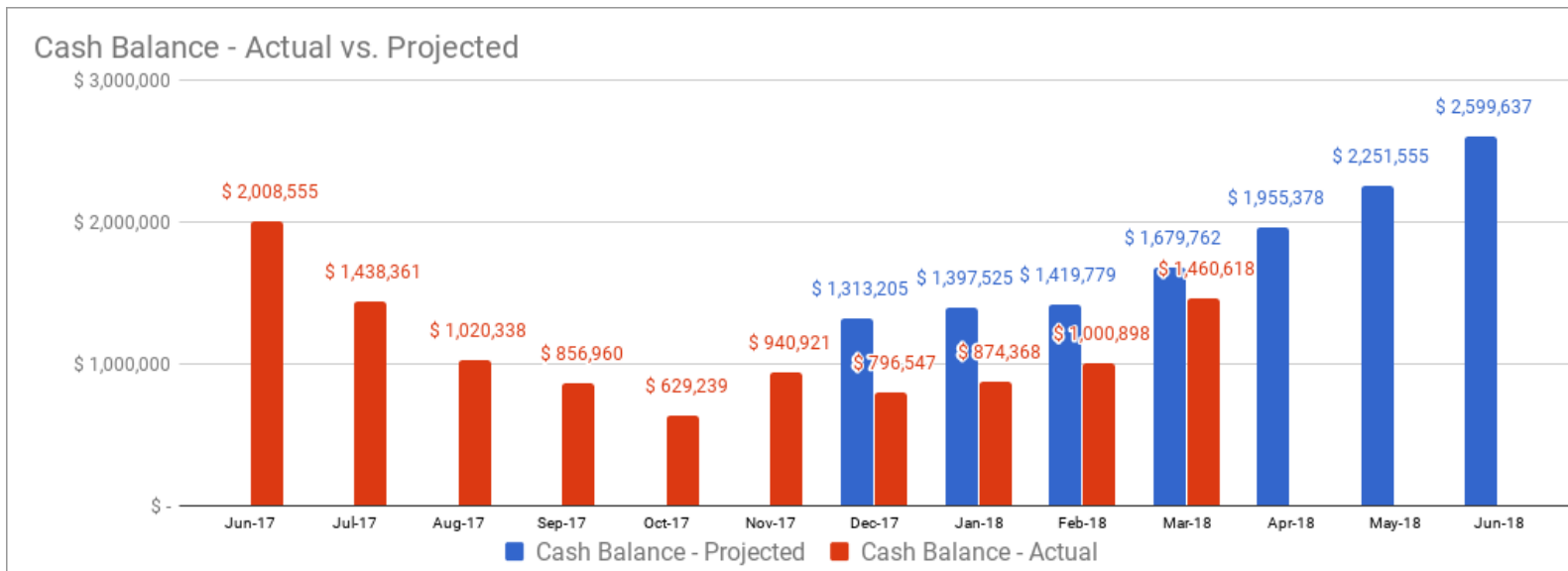
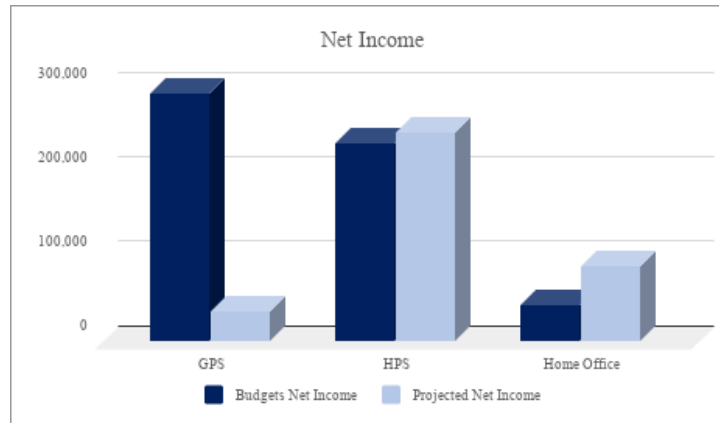
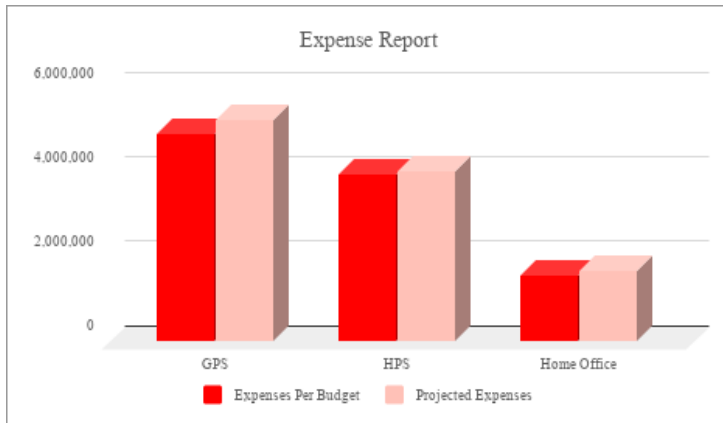
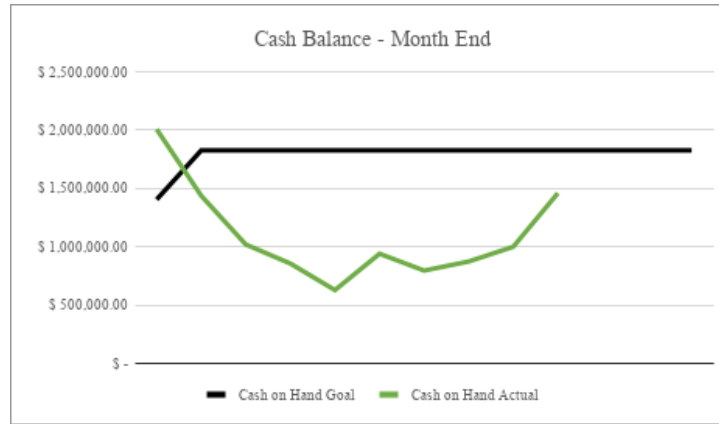
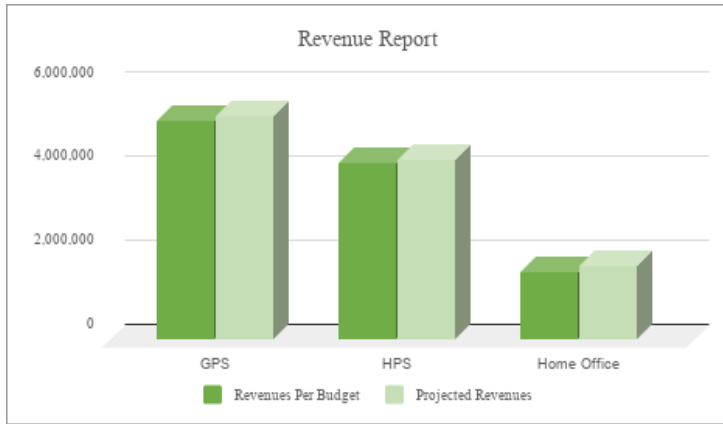
2017-18 Net Income

	<u>Current Projection</u>	<u>Orig Bd Rpt</u>	<u>Previous Projection</u>
CMO	\$89k	\$42k	26K
Gilroy Prep	\$36k	\$294k	34K
Hollister Prep	<u>\$247k</u>	<u>\$235k</u>	<u>\$290k</u>
Total	\$372k	\$571k	350k

- CMO projected net income variance highlights
 - \$170k favorable variance from adding to the private fundraising total. The fundraising total changed from \$70k last board report to \$170k to reflect the CSGF grant amount.
 - \$45k unfavorable variance from additional staff hired.
 - \$64k unfavorable variance from benefits and taxes being under budgeted.
 - \$15k unfavorable variance from professional development going over budget.

- Gilroy Prep projected net income variance highlights
 - \$68k favorable variance from one-time mandated cost not budgeted.
 - \$100k favorable variance for elimination of contingency expenses due to the process that has begun to prioritize needs that were not budgeted for.
 - \$267k unfavorable variance in salaries from staffing needs for additional staff to meet the needs of SPED students and staff on leave.
 - \$77k unfavorable variance in benefits & taxes from the additional staff added and from being under budgeted.
 - \$79k unfavorable variance for Books & Supplies from anticipated technology expenses that were budgeted for the 2016-17 year but, due to late arrival of product, had to be recorded in 2017-18 and for technology needs for the additional staff not originally budgeted for.

- Hollister Prep projected net income variance highlights
 - \$51k favorable variance from one-time mandated cost not budgeted.
 - \$50k favorable variance for elimination of contingency expenses due to the process that has begun to prioritize needs that were not budgeted for.
 - \$85k unfavorable variance in salaries from staffing needs for additional Teachers in Training to meet staffing needs to cover multiple Teacher maternity leaves.



Navigator Schools
Balance Sheet Comparison

	Actual <u>6/30/2016</u>	Actual <u>6/30/2017</u>	Actual <u>3/31/2018</u>
Cash	1,884,454	2,008,555	1,460,618
Accounts Receivable	767,909	1,126,497	0
Prepaid Expense	72,379	209,415	33,045
Fixed Assets, net of depreciation	188,935	312,895	335,009
Total Assets	2,913,677	3,657,361	1,828,672
Accrued Liabilities	319,149	657,592	429,990
CDE Loan Payable	125,000	62,500	10,321
Total Liabilities	444,149	720,092	440,311
Beginning Fund Balance	1,790,843	2,469,528	2,937,269
Net Income	678,685	467,741	(1,548,908)
Ending Fund Balance	2,469,528	2,937,269	1,388,361
Total Liabilities & Fund Balance	2,913,677	3,657,361	1,828,672

Navigator Schools - 2017-18 Latest Projection Comparison to 2016-17 Actuals
As of March 2018

Income Statement - Combined <i>CMO/GPS/HPS</i>	2017-18 Original Budget	2017-18 Latest Projection	2016-17 Audited Actuals
Revenue	10,991,368	11,335,437	9,860,508
Expenses	10,420,391	10,963,689	9,392,768
Net Income - GAAP basis (audit)	570,977	371,748	467,740
Less Capital Outlay	(157,550)	(31,713)	(190,113)
Revenue less expenses & capital out	413,427	340,035	277,627

	<u>2017-18</u>	<u>2017-18</u>	<u>2016-17</u>
Beginning Fund Balance	3,136,443	2,937,268	2,469,528
Net Income - GAAP basis (audit)	570,977	371,748	467,740
Ending Fund Balance	<u>3,707,420</u>	<u>3,309,016</u>	<u>2,937,268</u>

Revenues/Student *	9,939	10,295	10,254
Expenses/Student *	9,344	9,908	9,697
Fund Balance/Student at Year End	3,862	3,447	3,497

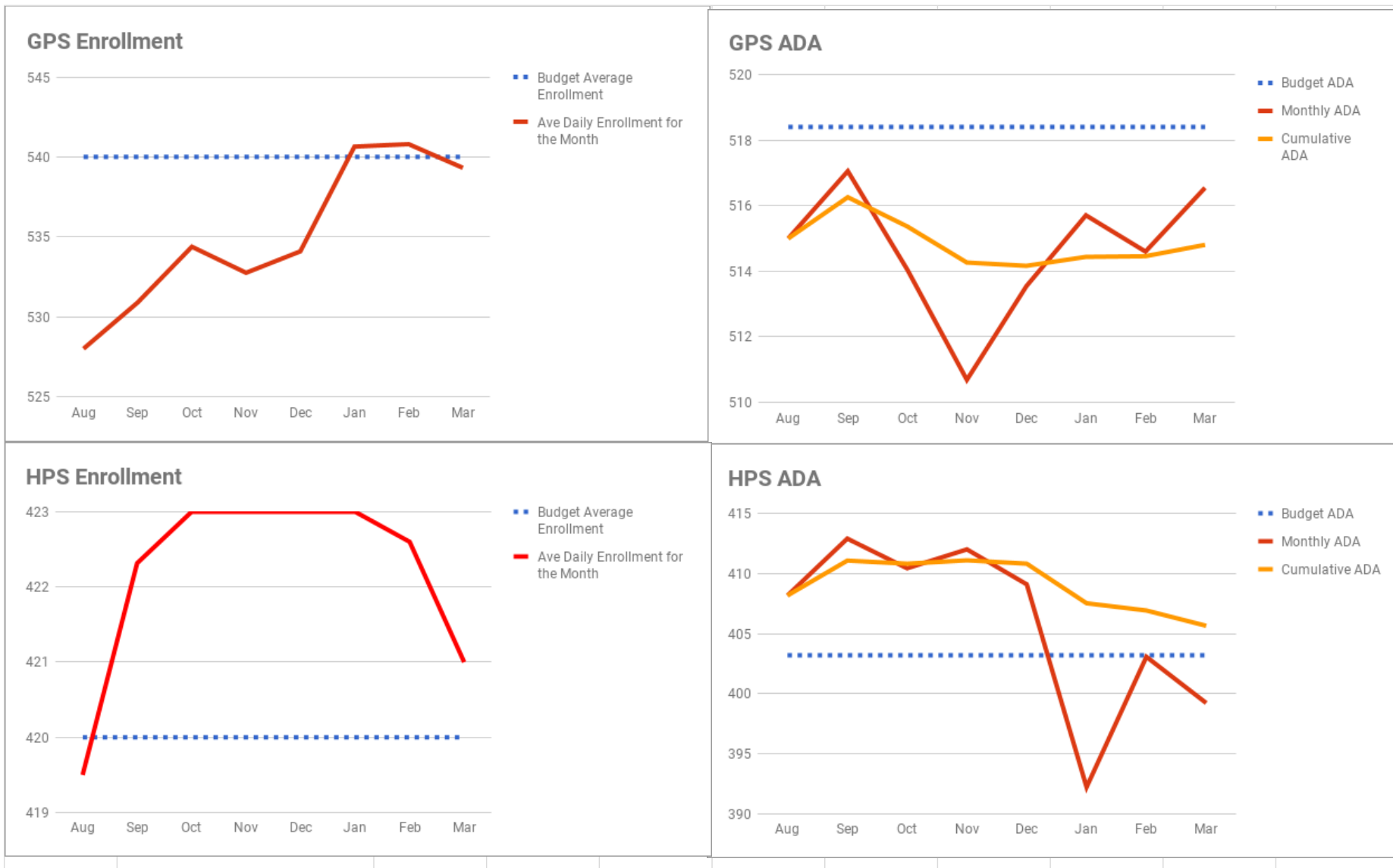
* Revenues and Expenses per student do not include CMO Management Fee Revenue/Expense because that is an intercompany charge.

Navigator Schools - 2017-18 Budget vs. Projection

As of March 2018

Summary Level

	Total 2017-18 Original <u>Budget</u>	Total 2017-18 Current <u>Projection</u>	GPS 2017-18 Original <u>Budget</u>	GPS 2017-18 Current <u>Projection</u>	HPS 2017-18 Original <u>Budget</u>	HPS 2017-18 Current <u>Projection</u>	CMO 2017-18 Original <u>Budget</u>	CMO 2017-18 Current <u>Projection</u>
<i>Enrollment Projection</i>	960	960	540	540	420	420		
REVENUE:								
LCFF Revenue	8,055,232	8,068,943	4,377,511	4,381,372	3,677,721	3,687,571	0	0
Federal Revenue	403,203	438,721	270,757	302,050	132,446	136,671	0	0
Other State Revenue	771,475	883,045	441,906	478,150	329,569	404,895	0	0
Donations & Grants	156,885	319,885	16,885	16,885	10,000	3,000	130,000	300,000
Other Revenue	154,631	172,433	104,744	115,729	49,887	56,427	0	277
CMO Management Fees	1,449,942	1,452,410					1,449,942	1,452,410
REVENUE	10,991,368	11,335,437	5,211,803	5,294,186	4,199,623	4,288,564	1,579,942	1,752,687
EXPENDITURES:								
Salaries	5,166,066	5,587,930	2,301,008	2,567,693	1,831,375	1,940,702	1,033,683	1,079,535
Benefits & Taxes	1,368,284	1,529,025	639,244	736,352	529,291	529,291	199,749	263,382
Books & Supplies	829,728	924,386	485,740	551,085	290,216	306,174	53,772	67,127
Services & Other Operating Expense	1,380,571	1,417,938	553,777	579,472	576,515	584,866	250,279	253,600
CMO Management Fees	1,449,942	1,452,410	787,952	788,647	661,990	663,763		
Contingency Expenses	150,000	0	100,000	0	50,000	0	0	0
Capital Outlay	157,550	31,713	101,025	21,713	56,525	10,000	0	0
EXPENDITURES	10,502,141	10,943,402	4,968,746	5,244,962	3,995,912	4,034,796	1,537,483	1,663,644
REVENUE LESS EXPENDITURES	489,227	392,035	243,057	49,224	203,711	253,768	42,459	89,043
GAAP Adjustments:								
Revenue Less Expenditures	489,227	392,035	243,057	49,224	203,711	253,768	42,459	89,043
Add back Capita Outlay to Net income	157,550	31,713	101,025	21,713	56,525	10,000	0	0
Subtract Depreciation Expense	(75,800)	(52,000)	(50,362)	(35,000)	(25,438)	(17,000)	0	0
Net Income - GAAP Basis 2017-18	570,977	371,748	293,720	35,937	234,798	246,768	42,459	89,043
Beginning Net Assets @ 6/30/17 (latest projecti	3,136,443	2,937,269	1,642,303	1,478,654	1,324,788	1,306,504	169,352	152,111
Net Income - GAAP Basis 2017-18	570,977	371,748	293,720	35,937	234,798	246,768	42,459	89,043
Ending Net Assets @ 6/30/18	3,707,420	3,309,017	1,936,023	1,514,591	1,559,586	1,553,272	211,811	241,154



Navigator Schools - Financial Data

<u>Attendance and Enrollment Data</u>	<u>Total</u>	<u>GPS</u>	<u>HPS</u>
2017-18 ADA - Approved Budget	921.6	518.4	403.2
2017-18 ADA thru 3/31/18	920.5	514.8	405.6
2017-18 ADA % thru 3/31/18	96.1%	96.2%	96.1%
2017-18 Enrollment - Approved Budget	960.0	540.0	420.0
2017-18 Ave Enrollment thru 3/31/18	957.6	535.4	422.2
Enrollment as of 3/31/18	959.0	538.0	421.0



	<u>Actual</u>	<u>Goal</u>
Cash balance as of 3/31/18	1,460,618	1,508,700
Annual Budgeted Expenditures (not including CMO Mgmt Fees)	9,052,199	9,052,199
Number of Months Cash on Hand	1.94	2.00

Coversheet

Preliminary 2018-19 Budget

Section: II. Finance
Item: B. Preliminary 2018-19 Budget
Purpose: Discuss
Submitted by:
Related Material: May 18-19 Preliminary Budget Financial Narrative.docx - Google Docs.pdf



2018-19 Financial Report Narrative
May 3, 2018
Finance Committee Meeting

2018-19 Preliminary Budget

	Net Income (Before GAAP)	Net Income (GAAP)	Projected Beginning Fund Balance	Projected Ending Fund Balance
CMO	\$11k	\$11k	\$178k	\$189k
Gilroy Prep	\$258k	\$223k	\$1.5m	\$1.7m
Hollister Prep	\$330k	\$388k	\$1.6m	\$2.0m
Watsonville Prep	\$48k	\$496k	\$0	\$496k
Total	\$647k	\$1.1	\$3.3m	\$4.4m

The total net income of \$1.1m reflects the following general assumptions:

- LCFF is funded at target.
- Enrollment will increase from 960 in 2017-18 to 1020 in 2018-19 due to the addition of one grade level at HPS campus increasing enrollment from 420 to 480 students.
- New teachers will be added to HPS in proportion to the increase in enrollment.
- A MTSS Coordinator will be added to HPS at 50% and GPS at 50%.
- Hollister Prep includes capital improvement expenses of \$75,000 for site development planning and architectural design fees in support of a permanent HPS facility solution.
- The \$665,000 of private donations are based on pledged and anticipated growth funding.
- CMO fees as a % of LCFF revenue will be reduced from 18% in 2017-18 to 17% in 2018-19.
- Salaries and benefits are based on an increase of 4% for all staff at HPS, GPS and CMO. These are average increases and will be applied to each employee based on merit and cost of living adjustments.
- The addition of 2.75 FTE positions will be added to the CMO:
 - \$150,800 Chief Academic Officer (increasing from 25% FTE to 100% FTE.)
 - \$125,000 Director of Curriculum and Instruction
 - \$65,000 SIS Coordinator
- \$55,000 is allocated for the addition of a development consultant.
- Benefits will increase by a higher percentage than salaries because of two factors:
 - STRS contribution rate will increase from 14.43% in 2017-18 to 16.28% in 2018-19.
 - Health Insurance inflation is estimated at 8%.

Navigator Schools - 2018-19 Preliminary Budget
 May 2018 Finance Committee Report

2018-19 Preliminary Budget:	Total 2018-19 Preliminary Budget	Change from 2017-18	% Change from 2017-18	GPS 2018-19 Preliminary Budget	Change from 2017-18	% Change from 2017-18	HPS 2018-19 Preliminary Budget	Change from 2017-18	% Change from 2017-18	CMO 2018-19 Preliminary Budget	Change from 2017-18	% Change from 2017-18	WPS 2018-19 Preliminary Budget
<i>Enrollment Projection</i>	1020	60	6.25%	540	0	0.00%	480	60	14.29%				YEAR ZERO
REVENUE:													
LCFF Revenue	8,952,530	890,348	11.04%	4,581,673	200,301	4.57%	4,370,857	690,047	18.75%	0	0		0
Federal Revenue	608,246	27,215	4.68%	302,050	8,088	2.75%	156,196	19,127	13.95%	0	0		150,000
Other State Revenue	940,887	57,546	6.51%	478,150	0	0.00%	462,737	57,546	14.20%	0	0		0
Donations & Grants	1,430,885	461,729	47.64%	12,885	-4,700	-26.73%	3,000	1,429	90.96%	665,000	465,000	232.50%	750,000
Other Revenue	135,646	10,242	8.17%	95,646	2,285	2.45%	40,000	7,957	24.83%	0	0		0
CMO Management Fees	1,521,930	70,737	4.87%							1,521,930	70,737	4.87%	0
REVENUE	13,590,124	1,517,817	12.57%	5,470,404	205,974	3.91%	5,032,790	776,106	18.23%	2,186,930	535,737	32.45%	900,000
EXPENDITURES:													
Salaries	6,468,727	633,358	10.85%	2,655,354	54,545	2.10%	2,201,706	184,058	9.12%	1,458,667	394,755	37.10%	153,000
Benefits & Taxes	1,822,686	290,883	18.99%	755,603	89,634	13.46%	648,083	78,895	13.86%	380,742	122,354	47.35%	38,258
Books & Supplies	750,508	-227,794	-23.28%	386,507	-178,193	-31.56%	274,749	-49,601	-15.29%	60,462	0	0.00%	28,790
Services & Other Operating Expense	1,856,595	233,459	14.38%	635,735	50,251	8.58%	760,656	149,790	24.52%	276,269	33,418	13.76%	183,935
CMO Management Fees	1,521,930	114,445	8.13%	778,884	-9,763	-1.24%	743,046	124,208	20.07%	0	0		0
Capital Outlay	523,000	75,853	16.96%	0	-45,672	-100.00%	75,000	121,525	-261.20%	0	0		448,000
EXPENDITURES	12,943,446	1,120,204	9.47%	5,212,083	-39,198	-0.75%	4,703,240	608,875	14.87%	2,176,140	550,527	33.87%	851,983
REVENUE LESS EXPENDITURES	646,678	397,613	159.64%	258,321	245,172	1864.57%	329,550	167,231	0.00%	10,790	-14,790	0	48,017
<u>GAAP Adjustments:</u>													
Revenue Less Expenditures	646,678			258,321			329,550			10,790			48,017
Add back Capita Outlay to Net income	0			0			75,000			0			448,000
Subtract Depreciation Expense	-52,000			-35,000			-17,000			0			0
Net Income - GAAP Basis 2018-19	1,117,678			223,321			387,550			10,790			496,017
Projected Fund Balance at 6/30/18	<u>3,279,964</u>			<u>1,512,239</u>			<u>1,589,821</u>			<u>177,904</u>			<u>0</u>
Projected Fund Balance at 6/30/19	<u>4,397,642</u>			<u>1,735,560</u>			<u>1,977,371</u>			<u>188,694</u>			<u>496,017</u>

Navigator Schools FTE Counts			
17/18 Total	114.65	18/19 Total	120.15
SITE	#FTE	SITE	#FTE
<i>GPS</i>		<i>GPS</i>	
Teachers	20	Teachers	20
Teacher in Training	5	Teacher in Training	4
Certificated Pupil Support	1	Certificated Pupil Support	1.5
Administration	3.15	Administration	3.4
Support (Office, Yard, Food, Maint)	10.6	Support (Office, Yard, Food, Maint)	10.6
SGL/Paraprofessional	17.65	SGL/Paraprofessional	18.4
Total	57.4	Total	57.9
<i>HPS</i>		<i>HPS</i>	
Teachers	14	Teachers	16
Teacher in Training	8	Teacher in Training	7
Certificated Pupil Support	1	Certificated Pupil Support	1.5
Administration	3.4	Administration	3.4
Support (Office, Yard, Food, Maint)	5.75	Support (Office, Yard, Food, Maint)	5.75
SGL/Paraprofessional	12.55	SGL/Paraprofessional	13.3
Total	44.7	Total	46.95
<i>Support Office</i>	12.55	<i>Support Office</i>	15.3