



2020-21 Proposed Budget Revise Narrative
 January 2021
 Board of Directors Meeting

2020-21 Proposed Budget Revise Narrative

	BOD Approved Budget Net Income (GAAP)	Proposed Revised Budget Net Income (GAAP)
Charter Management Organization (CMO)	128K	224K
Gilroy Prep School (GPS)	90K	552K
Hollister Prep School (HPS)	-3K	500K
Watsonville Prep School (WPS)	146K	336K
Total	361K	1.6M

There are multiple reasons for requesting a budget revision. Two of the main reasons are the revenue has increased greatly with the COVID funding from Federal and State and the request to increase staff salaries by 3% due to increased revenue. When we created the budget we implemented a salary freeze for all employees of Navigator because the economic outlook at the time of budgeting was very bleak. We now know that the State revenues are coming in much higher than anyone anticipated and we are not plagued by a recession as we thought we would be. Due to the positive outlook on our State’s economy, it is difficult to continue to justify a salary freeze when other districts and charter schools are not doing that and our finances are significantly better in 2020-21 compared to what was projected.

Below are the most significant proposed revisions to the 2020-21 budget. There are a few smaller changes not listed here, but were added to the revision because it is important to show accurate numbers for this revision.

- CMO (Charter Management Office)
 - Fundraising/Grants increased by \$230K from fundraising revenue exceeding originally budgeted amount
 - Salaries and benefits increased by \$48K with the proposed 3% increase
 - Consulting increased by \$60K for additional consulting services for WPS facilities and fundraising
 - Legal increased by 48K due to unexpected legal and investigative services needed



- **Gilroy Prep School**
 - Revenue increased by 861K from Local Control Funding Formula (LCFF) not being cut as we expected, Federal and Other State revenue increasing due to the COVID relief funding from Federal and State
 - Salaries and benefits increased by \$93K with the proposed 3% increase
 - Books and supplies increased \$279K due to increased student food service (this is offset with increase in child nutrition revenue) and additional technology being needed due to distance learning (this is offset with the addition COVID relief funds)
 - On June 30, 2020 the Board approved a decrease in the original budgeted enrollment numbers from 565 to 540. That is reflected in this proposed revise
- **Hollister Prep School**
 - Revenue increased by 685K from Local Control Funding Formula (LCFF) not being cut as we expected, Federal and Other State revenue increasing due to the COVID relief funding from Federal and State
 - Salaries and benefits increased by \$116K with the proposed 3% increase
 - Books and supplies increased \$25K due to additional technology being needed due to distance learning (this is offset with the addition COVID relief funds)
 - On June 30, 2020 the Board approved a decrease in the original budgeted enrollment numbers from 565 to 540. That is reflected in this proposed revise
- **Watsonville Prep School**
 - Revenue increased by 601K from Local Control Funding Formula (LCFF) not being cut as we expected, Federal and Other State revenue increasing due to the COVID relief funding from Federal and State
 - Salaries and benefits increased by \$68K with the proposed 3% increase
 - Books and supplies increased \$280K due to increased student food service (this is offset with increase in child nutrition revenue) and additional technology being needed due to distance learning (this is offset with the addition COVID relief funds)
 - Services increased by \$30K due to costs associated with 407 Main St (insurance, utilities, parking lot maintenance, etc)
 - Capital Outlay increased due to Watsonville Prep contribution of \$329K for pre construction expenses associated with the 407 Main Street project

2020-21 Proposed Revised Budget

January 28, 2021		Total 2020-21 BOD Approved Budget	TOTAL 2020-21 Proposed Revise	Proposed Revision Variance to Budget	GPS 2020-21 BOD Approved Budget	GPS 2020-21 Proposed Revise	Proposed Revision Variance to Budget	HPS 2020-21 BOD Approved Budget	HPS 2020-21 Proposed Revise	Proposed Revision Variance to Budget	WPS 2020-21 BOD Approved Budget	WPS 2020-21 Proposed Revise	Proposed Revision Variance to Budget	CMO 2020-21 BOD Approved Budget	CMO 2020-21 Proposed Revise	Proposed Revision Variance to Budget
Enrollment		1358	1308		565	540		565	540		228	228				
REVENUE:																
LCFF Revenue		11,843,462	11,994,140	150,678	4,698,880	4,725,123	26,243	4,839,878	4,907,676	67,798	2,304,704	2,361,341	56,637	0	0	0
Federal Revenue		1,276,509	3,118,314	1,841,805	399,931	1,124,870	724,939	304,898	913,600	608,702	571,680	1,079,844	508,164	0	0	0
Other State Revenue		1,070,361	1,368,819	298,458	457,228	642,538	185,310	424,865	508,169	83,304	188,268	218,112	29,844	0	0	0
Donations & Grants		1,119,807	1,263,802	224,502	6800	8,802	2,002	37,500	5,000	(32,500)	325,000	350,000	25,000	670,000	900,000	230,000
Other Revenue		155,586	60,500	(95,086)	87,307	10,000	(77,307)	49,537	7,500	(42,037)	18,742	0	(18,742)	0	43,000	43,000
CMO Management Fees		1,681,085	1,679,180	(1,905)										1,681,085	1,679,180	(1,905)
REVENUE		17,066,303	19,484,755	2,418,452	5,650,146	6,511,333	861,187	5,656,678	6,341,945	685,267	3,408,394	4,009,297	600,903	2,351,085	2,622,180	271,095
EXPENDITURES:																
Salaries		9,260,385	9,561,101	300,716	3,048,457	3,126,997	78,540	3,012,851	3,128,756	115,905	1,671,084	1,732,355	61,271	1,527,993	1,572,993	45,000
Benefits & Taxes		2,381,555	2,421,145	39,590	753,192	767,965	14,773	756,823	771,502	14,679	436,945	443,967	7,022	434,595	437,711	3,116
Books & Supplies		1,265,426	1,868,729	603,303	472,163	750,816	278,653	399,890	425,001	25,111	378,473	659,012	280,539	14,900	33,900	19,000
Services & Other Operating Expense		2,071,096	2,273,243	202,147	593,647	616,434	22,787	795,539	812,673	17,134	436,478	490,704	54,226	245,432	353,432	108,000
CMO Management Fees		1,658,085	1,679,180	21,095	657,843	661,517	3,674	677,583	687,075	9,492	322,659	330,588	7,929			0
Capital Outlay		0	343,472	343,472	0	13,820	13,820	0	0	0	0	329,652	329,652	0	0	0
EXPENDITURES		16,636,547	18,146,870	1,510,323	5,525,302	5,937,549	412,247	5,642,686	5,825,007	182,321	3,245,639	3,986,278	740,639	2,222,920	2,398,036	175,116
REVENUE LESS EXPENDITURES		429,756	1,337,885	908,129	124,844	573,784	448,940	13,992	516,938	502,946	162,755	23,019	(139,736)	128,165	224,144	95,979
GAAP Adjustments:																
Revenue Less Expenditures		429,756	1,337,885	908,129	124,844	573,784	448,940	13,992	516,938	502,946	162,755	23,019	(139,736)	128,165	224,144	95,979
Add back Capita Outlay to Net income		0	343,472	343,472	0	13,820	13,820	0	0	0	0	329,652	329,652	0	0	0
Subtract Depreciation Expense		(69,000)	(69,000)	0	(35,000)	(35,000)	0	(17,000)	(17,000)	0	(17,000)	(17,000)	0	0	0	0
Net Income - GAAP Basis 2018-19		360,756	1,612,357	1,251,601	89,844	552,604	462,760	(3,008)	499,938	502,946	145,755	335,671	189,916	128,165	224,144	95,979
Beginning Net Assets @ 6/30/20		4,517,847	4,517,847		1,875,287	1,875,287		1,957,165	1,957,165		68,423	68,423		616,972	616,972	
Net Income - GAAP Basis 2020-21		360,756	1,612,357		89,844	552,604		(3,008)	499,938		145,755	335,671		128,165	224,144	
Ending Net Assets @ 6/30/21		4,878,603	6,130,204		1,965,131	2,427,891		1,954,157	2,457,103		214,178	404,094		745,137	841,116	