



2018-19 Financial Report Narrative
 February 27, 2017
 Finance Committee

2018-19 Preliminary Budget

	Net Income (Before GAAP)	Net Income (GAAP)	Projected Beginning Fund Balance	Projected Ending Fund Balance
CMO	\$1k	\$1k	\$178k	\$179k
Gilroy Prep	\$166k	\$131k	\$1.5m	\$1.65m
Hollister Prep	\$461k	\$519k	\$1.6m	\$2.1m
Watsonville Prep	\$48k	\$496k	\$0	\$496k
Total		\$1.2k	\$3.3m	\$4m

The total net income of \$1.2m 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.
- 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 continued staffing of the Innovation Fellow is included in the CMO budget with the anticipation of securing \$90,000 in restricted grant funding. This position will not be continued unless the restricted funds are secured.
- The remaining \$575,000 of private donations are based on pledged and anticipated growth funding.
- CMO fees as a % of LCFF revenue will remain at 18%.
- 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 3.75 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
 - \$80,000 PBIS Coordinator
 - \$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
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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	596,981	19,127	3.31%	293,962	0	0.00%	153,019	19,127	14.29%	0	0		150,000
Other State Revenue	938,515	57,546	6.53%	478,150	0	0.00%	460,365	57,546	14.29%	0	0		0
Donations & Grants	1,435,585	466,429	48.13%	17,585	0	0.00%	3,000	1,429	90.96%	665,000	465,000	232.50%	750,000
Other Revenue	133,361	7,957	6.35%	93,361	0	0.00%	40,000	7,957	24.83%	0	0		0
CMO Management Fees	1,611,455	160,262	11.04%							1,611,455	160,262	11.04%	0
REVENUE	13,668,427	1,601,669	13.27%	5,464,731	200,301	3.80%	5,027,241	776,106	18.26%	2,276,455	625,262	37.87%	900,000
EXPENDITURES:													
Salaries	6,504,882	794,019	13.90%	2,736,015	135,206	5.20%	2,077,200	184,058	9.72%	1,538,667	474,755	44.62%	153,000
Benefits & Taxes	1,800,925	281,049	18.49%	726,074	60,105	9.03%	636,156	78,895	14.16%	400,437	142,049	54.98%	38,258
Books & Supplies	754,381	-211,668	-21.91%	402,633	-162,067	-28.70%	262,496	-49,601	-15.89%	60,462	0	0.00%	28,790
Services & Other Operating Expense	1,797,695	252,419	16.33%	608,878	69,211	12.82%	728,613	149,790	25.88%	276,269	33,418	13.76%	183,935
CMO Management Fees	1,611,455	160,262	11.04%	824,701	36,054	4.57%	786,754	124,208	18.75%	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	12,992,338	1,351,934	11.61%	5,298,301	92,837	1.78%	4,566,219	608,875	15.39%	2,275,835	650,222	40.00%	851,983
REVENUE LESS EXPENDITURES	676,089	249,735	58.57%	166,430	107,464	182.25%	461,022	167,231	0.00%	620	-24,960	0	48,017
<u>GAAP Adjustments:</u>													
Revenue Less Expenditures	676,089			166,430			461,022			620			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	624,089			131,430			519,022			620			496,017
Projected Fund Balance at 6/30/18	<u>3,287,583</u>			<u>1,512,239</u>			<u>1,596,821</u>			<u>178,523</u>			<u>0</u>
Projected Fund Balance at 6/30/19	<u>3,911,672</u>			<u>1,643,669</u>			<u>2,115,843</u>			<u>179,143</u>			<u>496,017</u>