



# Financial Report

## Treasurer

February 8th, 2021

*Finance Committee:*

*Jeff Baucum, Lincoln Academy Board Treasurer*

*Janelle Johnson, Principal*

*Lindsey Tomsick, Vice-Principal*

*Cindie Poulter, Larisa Rogers, Jeanne Coyle, Lori Woods*

*The Mission of Lincoln Academy is to help students attain their highest social and academic potential through an academically rigorous, content-rich educational program in a safe, orderly, and caring environment.*

# 2020-21 LA Budget Review

## January 2021

- **Student FTE:** Student count has declined over the from 764.3 budgeted to 721.0 capture as the Oct 1st official count. This represents a drop of 5%.
- **Revenues:** Revenue has been impacted by both declining student FTE and reduced PPR and Mill Levy. Capital Construction estimates have been updated to include a \$100 increase as finalized in January. The \$74k positive impact is reported in the updated budget report.
- **Salaries & Benefits:** Salaries continue to be reviewed and adjusted to reflect current situational needs. Overall, LA is anticipating spending \$5.5M on teacher and staff compensation this year or 70% of the budget expenditures.
- **Purchased Services:** District funding has decline due to lower FTE in the district. HVAC cost continue to be higher and the financial team is expecting to spend an additional \$25k in utilities and double maintenance costs from prior year. CARE funding has been applied to the Dec financials.
- **Materials:** Additional changes due to lower FTE are being reviewed. CARE funding has been applied.
- **Capital:** \$150k Funding for the building C roff will now come from our general account instead of the R&R fund via the Bond. Tjhis will allow for more cash management in any new Bond issuance. Capital costs of \$672k include completion of 5B capital projects, building C roof replacement and the playground equipment costs covered by PTO donation.
- **District Bond update:** Finance council is anticipating a second round of funding from the Bond issuance by Jeffco. The final amount is uncertain but could be \$640K. These funds can be used to repay construction costs from the HVAC installation.
- **Margin:** As a result of revenue and FTE changes noted, the current budget has a decrease of carry forward of \$588k with a current operating margin of positive \$61,700. However, this budget does not account for various anticipated savings and grant opportunities throughout the remainder of the year. Operating team will continue to track and manage budgets throughout the year.s.

# 2020-2021 LA Budget Highlights

- Flexibility
  - The Covid-19 pandemic has and will impact numerous aspects of the financial budget including funding (revenue), student count (FTE) and operational expenses. As Lincoln works to reopen under various education models, the finance council will work to provide the administrative team with budget flexibility to support the goal of safe learning for our students.
  - The business team will be tracking expenses related to safe reopening. All expenditures over \$20k will be reviewed by the finance council and the council has authorized for up to \$100k in overall spending before additional review is required.
- Property Improvements
  - In coordination with the facilities committee, the finance team will continue tracking property improvement related to the 5b bond funds.
- Margin Watch:
  - With the decline in Student count, the finance council will be looking to reduce expenditures related to a lower FTE in addition to further cost saving metrics.

# Finance Goal

Goal: Operating Margin: 0.0%

Projected: Operating Margin: 0.85%

# Bond Rating Update

- DA Davidson: Lincoln Academy is a very appealing school with very strong background in fiscal outcomes and academic results. To quote: "Slam Dunk"
- Rating Call:
  - Janelle did a fantastic job representing Lincoln Academy and spoke eloquently about our goals, mission and direction.
  - Lori / Cindie were able to provide good detail overall.
- S&P
  - Had strong interest in our academics
  - Multiple questions on Covid including our academic approach, fiscal management, usage of funding, PPP debt and future preparation.
  - Asked good questions on our waitlist and budget planning process.

# Refinancing Update (3 options)

Needed due to 72nd expansion

- Bank Loan: Working with one 'investor'
- Bond Refinancing: Full Bond issuance with multiple investors
- Short term Loan: Supplement payments from Jeffco and City to cover project costs

Key focus:

- Overall costs of issuance (short term and overall)
- Length
- Project cost requirements
- Impact on Operating budget
- Cash

# Statement

The finance committee believes that Lincoln Academy is in a very good financial position regarding the 2020-2021 school year. The school has a robust carry-forward that will allow leadership and Board of Directors to plan for the next five to ten years of operational and capital requirements, including in the areas of the educational environment, warm-safe-dry building and employee salaries.

We continue to support a conservative fiscal approach, as the school looks forward to future dynamic opportunity in academic leadership, student support, and the Lincoln community.