



Financial Report

Treasurer

August 10th, 2020

Finance Committee:

Jeff Baucum, Lincoln Academy Board Treasurer

Nathan Alley, Lincoln Academy Board Vice-President

Janelle Johnson, 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.

2019-20 LA Budget Review

June 2020

- **2019-20 several year-end accounting entries have not been captured into the final YE fiscal summary. Small future variations may occur over the next month to the financials as presented at this time.**
- **Revenues:** 100% of annual revenues have been received, which matches annual expected cashflow.
- **Salaries & Benefits:** Due to remote learning, salary costs dropped with no additional substitute hours required and open positions left unfilled. Fewer benefits (PERA) were taken by LA staff thus forecasted expenses ended up under budget by \$283k.
- **Purchased Services:** Overall purchased services were \$56k under Budget. That savings included an approved final payment to CDSC on our Modular loan that occurred in June for \$80k. This prepayment in 2019-20 moved this cost from the 2020-21 year and allows more flexibility in future fiscal planning.
- **Materials:** Overall expenditures were under budget by \$46k
- **Capital:** Capital costs were over budget by \$21k due to playground and scoreboard that the district has deemed to be assets.
- **Margin:** LA finished with a positive operational margin of \$258k for the year. This is a significant outcome which covers two prepayments on the CSDC loan and the Fire Alarm project expenses incurred in the 19-20 school year. The strong operational margin continues to demonstrate management's fiscal stewardship.

2020-21 LA Budget Review

July 2020

[Note: July Review is based on expected budget changes as July GL close has not occurred]

- **Student FTE:** Student count has been strategically reduced over the summer from 764.3 to 754.9, a drop of 9.4 to help manage cohort sizing. Further reduction may occur as families make their 20-21 educational decisions. Better estimates will be available over the next two months. Fiscal impacts of a lower student count will be monitored against fiscal, safety and educational goals.
- **Revenues:** Updated information regarding revenues continue to be gathered as national and state funding continue to evolve.
 - Mill Levy funding declined by \$11k
 - Capital Construction based on 19-20 FTE of 741, increase net revenue to \$52k. Might increase if our 20-21 FTE increases.
 - PPR increased to \$7,893 resulting in additional \$245k in student funding (a drop in 5% rather than the 10% expected)
- **Salaries & Benefits:** No known changes to expected approved budget.
- **Purchased Services:** No known changes to expected approved budget.
- **Materials:** No known changes to expected approved budget.
- **Capital:** Roof repair for Building C will begin soon. Funding will come from the Repair and Replace fund provided by our Bond. This will allow for deferment of cash outflow over several years.
- **Margin:** As a result of the revenue changes noted, projected operational margin has adjusted to a positive \$11k from a negative \$268k.

2020-2021 LA Budget Highlights

- Flexibility
 - The Covid-19 pandemic has and will impact numerous aspects of the financial budget including funding (revenue) 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 \$150k in overall spending before additional review is required.
 - These will keep LA ahead of our approved margin due to the improved outlook on 2020-21 funding.
- CARE expenses
 - CARES act will provide up to \$362k to LA for Covid19 related expenses. These funds must meet specific criteria to be reimbursed.
- Property Improvements
 - In coordination with the facilities committee, the finance team will continue tracking property improvement related to the 5b bond funds.

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.