

Treasurer Financial Report

September 10, 2018

Nathan Alley, Lincoln Academy Board Treasurer

2017-2018

Unaudited Financials Review

- 2017-2018
 - Very conservative year, Overcame large hurdles yet maintained a revenue of \$241k, (3.5% revenue margin)
 - Paid down an additional \$178k toward CSDC building loan
 - 10% increase in salaries, 13% in benefits
 - Overall expenditures decreased by 16%
 - \$371k total interest paid toward debt service
 - Carryforward of \$2.6M, \$1.9M unrestricted
 - Capital outlay expensed \$52k
 - With Building costs at 14% of total revenue
- Annual Financial Audit for 2017-2018 scheduled for later this fall

2018-2019 & 5-Year Projections

LINCOLN ACADEMY CHARTER SCHOOL

5 Year Plan 2018 - 2023

DRAFT BASED ON BUDGETING 9/7/2018

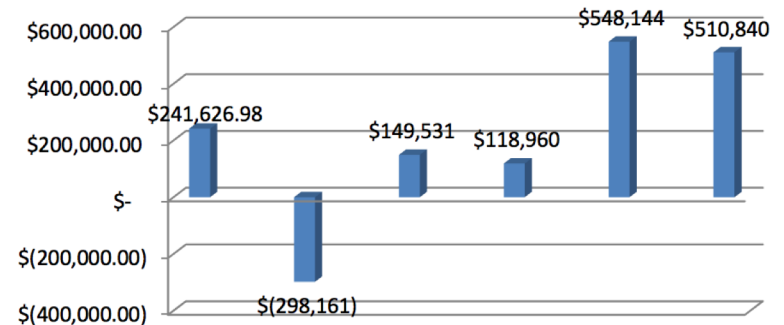
Prior Year 2017-18	Current 2018-19	2019-20	2020-21	2021-22	2022-23	
Actuals	1	2	3	4	5	NOTES

EXECUTIVE SUMMARY

STUDENT ONE DAY COUNT	690.0	699.0	721.0	719.0	719.0	719.0
PPR	\$ 7,473.15	\$ 7,945	\$ 8,199	\$ 8,461	\$ 8,732	\$ 9,011
Operating Debt Ratio (<18% of Rev)	11.2%	10.6%	12.2%	11.8%	5.8%	5.6%
Debt Service Coverage (>1.0; 1.1 better)	1.31	0.61	1.16	1.13	2.18	2.10
Unrestricted Cash as % of Exp (8% < 17%)	32.6%	23.5%	25.3%	26.0%	34.6%	39.9%
Days Unrestricted Cash on Hand (>40)	148	119	122	125	156	175
REVENUE OVER EXPENSES	\$ 241,626.98	\$ (298,161)	\$ 149,531	\$ 118,960	\$ 548,144	\$ 510,840
Operating Margin	3.5%	-4.1%	1.9%	1.5%	6.8%	6.2%

- 2018-2019 Projecting a loss of \$298k
 - \$375k for Fire Alarms upgrade
 - \$215k for 2nd half of bonus
- 2019-2020 is the final year of classroom growth. Student increases will level out after that
- 2020-2021 is the final year of payments for the temporary building.
- Operating margins are projected to decline year-over-year at the rate of .5%

Operating Margin per Year



Annual Budgeted P&L

	Prior Year 2017-18 Actuals	Current 2018-19 1	2019-20 2	2020-21 3	2021-22 4	2022-23 5	NOTES
REVENUES	\$ 6,884,508	\$ 7,329,793	\$ 7,714,358	\$ 7,868,029	\$ 8,048,122	\$ 8,234,664	
SALARIES	\$ 3,564,137	\$ 3,838,913	\$ 3,862,116	\$ 3,995,244	\$ 4,135,315	\$ 4,282,519	
BENEFITS	\$ 858,186	\$ 1,071,433	\$ 1,037,262	\$ 1,083,005	\$ 1,131,312	\$ 1,182,290	
TOTAL BENEFITS AND SALARY	\$ 4,422,323	\$ 4,910,346	\$ 4,899,378	\$ 5,078,248	\$ 5,266,627	\$ 5,464,809	
PURCHASE SERVICES	\$ 1,908,908	\$ 2,048,515	\$ 2,278,235	\$ 2,277,363	\$ 1,833,524	\$ 1,852,690	
CAPITAL OUTLAY	\$ 52,856	\$ 375,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	
TOTAL EXPENDITURES	\$ 6,642,881	\$ 7,627,954	\$ 7,564,827	\$ 7,749,069	\$ 7,499,979	\$ 7,723,824	
REVENUE OVER EXPENSES	\$ 241,627	\$ (298,161)	\$ 149,531	\$ 118,960	\$ 548,144	\$ 510,840	
CARRY FORWARD	\$ 2,887,031	\$ 2,588,870	\$ 2,738,402	\$ 2,857,361	\$ 3,405,505	\$ 3,916,345	

Fiscal Metrics	Actuals	Current Year Projection	Future Year Projections			
			Year 2	Year 3	Year 4	Year 5
Tabor Reserve Requirement	\$ 206,535	\$ 219,894	\$ 231,431	\$ 236,041	\$ 241,444	\$ 247,040
Bond Cash Reserve Requirement	\$ 754,467	\$ 803,265	\$ 845,409	\$ 862,250	\$ 881,986	\$ 902,429
Unrestricted Operating Funds (Reserves)	\$ 1,926,029	\$ 1,565,711	\$ 1,661,562	\$ 1,759,071	\$ 2,282,075	\$ 2,766,876
Expense cost per day	\$ 18,055	\$ 19,871	\$ 20,520	\$ 21,025	\$ 20,342	\$ 20,956
REVENUE	103.6%	96.1%	102.0%	101.5%	107.3%	106.6%
Salaries	52%	52%	50%	51%	51%	52%
Benefits	12%	15%	13%	14%	14%	14%
PURCHASE SERVICES	28%	28%	30%	29%	23%	22%
MATERIAL AND SUPPLIES	4%	4%	4%	4%	4%	4%
CAPITAL OUTLAY	1%	5%	1%	1%	1%	1%
Total Revenue per Student	\$ 9,978	\$ 10,486	\$ 10,700	\$ 10,943	\$ 11,193	\$ 11,453
Total Expense per Student	\$ 9,627	\$ 10,913	\$ 10,492	\$ 10,778	\$ 10,431	\$ 10,742
Salaries as % of Total Expenses	53.7%	50.3%	51.1%	51.6%	55.1%	55.4%
Debt costs	\$ 774,249	\$ 774,249	\$ 942,249	\$ 925,637	\$ 463,128	\$ 463,128
Debt cost as % of Revenue	11.2%	10.6%	12.2%	11.8%	5.8%	5.6%
Building costs	\$ 213,943	\$ 321,478	\$ 328,545	\$ 333,257	\$ 338,273	\$ 343,388
Facility and Debt costs as % of Revenue	14%	15%	16%	16%	10%	10%

Restrictions
In Savings

Debt Services Over the next
3 years will cost approx.
\$150k - \$200k in interest

- 2018-2019 Budget Notes

- \$35k ytd paid for Fire Alarm project (\$375k total budget)
- \$8k-\$12k budgeted for fence repair behind modular
 - also looking at replacing the fence around the center grassy area
- \$5000 budgeted to complete Chromecart (Lincoln Academy Foundation raised \$4550)
- \$14,000 for Kindergarten reading curriculum replacement
- Replaced online Math and Science software, savings of \$6000

I believe Lincoln Academy is in a very good financial position coming into the 2018-2019 school year. We have the resource flexibility to plan for the next five to ten years of growth. Nevertheless, we must maintain a conservative financial outlook, as the available resources do not come close to covering the current needs.

The most significant opportunity for financial health is to plan an aggressive debt reduction strategy to pay off the CSDC loan as quickly as possible, which will improve the schools financial position by nearly \$200k in 4 years. We currently only have \$178k budgeted in 2018-2019 for prepayment, leaving almost \$340k left to pay each of the next two years. The financial committee will create a plan to pay off the debt as quickly as possible, to free up future cash and create additional revenue over expenses.

I recommend that the board of directors allows the Administration to continue normal operations, under the approved budget (approved in June, 2018) without any adjustments.