



**PEAK TO PEAK**  
CHARTER SCHOOL  
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**FROM:** Sam Todd, EDO  
**TO:** Finance and Budget Committee Members and Peak to Peak Board of Directors  
**DATE:** April 26, 2021  
**SUBJECT:** Third Quarter 2020-21 FBC Meeting Summary and Recommendations

The Finance and Budget Committee (FBC) met on Monday, April 26, 2021, for its third quarterly meeting of the 2020-21 fiscal year. Please see below a summary of the FBC discussions and the recommendations the FBC is offering the Peak to Peak board of directors. The meeting was held virtually via Google Meet and all committee members were present, including Lynne Allen, Eric Duran, Jonathan Fung, Kate Martin, Louise Peng, Kelly Reeser, Sam Todd, and Thomas Willetto.

**1.) New Investment Option at COLOTRUST**

Ben Mendenhall from COLOTRUST joined the meeting to explain a new investment option at COLOTRUST called “EDGE” that will be introduced on May 3, 2021. This new investment option will meet all Public Deposit Protection Act regulations and will generate higher interest earnings in the mid- to long-term than the existing “PLUS+” option that P2P currently utilizes. EDGE is designed to complement the daily liquidity offered by PLUS+, and is best suited for funds not needed on a frequent or near-term basis. After hearing Mr. Mendenhall’s presentation, the FBC discussed their comfort level with potentially moving some of P2P’s \$6.5 million held in COLOTRUST’s PLUS+ account to EDGE. The FBC agreed that keeping \$1.5 million in PLUS+ would meet any short-term emergency needs of the school based on past experience. In addition, the TABOR reserve will also remain in PLUS+ for liquidity purposes. The remaining financial reserves can be moved into EDGE to improve interest earnings.

**RECOMMENDATION:** *The FBC recommended retaining the TABOR reserve (currently \$588K), in addition to \$1.5 million of existing reserves in COLOTRUST PLUS+. The remaining financial reserves should be moved to a new COLOTRUST EDGE account, which would currently be \$4.48 million.*

**2.) Q3 2020-21 Financial Reports**

**General Fund 11**

- YTD revenues came in at \$13.6 million, or 74% of budget at the end of Q3.
- YTD expenses totaled \$11.6 million, or 64% of budget.
- A surplus of \$477K was generated in Q3, bringing the YTD total to \$1.9 million. The Fund 11 fund balance exceeded \$7.5 million at the end of Q3.

#### **Food Services Fund 21**

- YTD revenues were \$74K, or 27% of budget at the end of Q3.
- YTD expenses were \$239K, or 55% of budget.
- A shortfall of \$54K was generated in Q3, bringing the YTD total to a \$96K loss; which compares to an annual budgeted shortfall of \$156K. The Fund 21 fund balance at the end of Q3 was (\$62K).

#### **Operations and Technology Fund 65**

- YTD revenues were \$1.1M, or 75% of budget at the end of Q3.
- YTD expenses were \$1.2M, or 69% of budget.
- A shortfall of \$95K was generated in Q3, bringing the YTD total to \$118K loss; which compares to an annual budgeted shortfall of \$306K. The Fund 65 fund balance at the end of Q3 was \$417K.

The FBC was satisfied with the positive Q3 financial results for 2020-21.

### 3.) **Projected Q4/End-of-Year 2020-21 Financial Results**

#### **General Fund 11**

- Total revenues and transferred-in net fundraising donations from Friends of P2P are projected to be \$18 million, or 98% of budget. Fundraising net revenues and A&A fees will come in below budget due to the COVID-19 pandemic.
- Total expenditures are projected to be \$16.9 million, or 94% of budget. Instructional supply expenses and local program expenses are expected to come in much lower than budget due to the pandemic.
- \$216K is projected to be transferred to food services due to the pandemic, to make up for lost revenue. A budget surplus of \$933K is projected for the fiscal year after transfers, leaving the Fund 11 fund balance in good shape at \$6.6 million.

#### **Food Service Fund 21**

- Total revenues are projected to be \$124K, or 44% of budget. The program has only been offering food for pickup, and the cafeteria has been closed all year.
- Total program expenses are projected to be \$340K, or 78% of budget. All food services staff will continue to be paid through the end of the fiscal year.
- A budget shortfall of about \$216K is projected for year-end, which compares to the budgeted shortfall of \$156K. The projected shortfall will be transferred-in from Fund 11, leaving the year-end fund balance at \$34K.

#### **Operations & Technology Fund 65**

- Total revenues are projected to be \$1.5 million, or 100% of budget.
- Total expenses are projected to be \$1.7M, or 93% of budget.
- A budget shortfall of \$205K is projected for the fiscal year, leaving an ending fund balance of \$330K in Fund 65.

The FBC was also pleased with the projected Q4/year-end financial performance for 2020-21, especially in light of the COVID-19 pandemic and the loss of revenue in food services, BAASC, student fees and athletics fees.

#### 4.) **2021-22 Preliminary Budget**

The following assumptions are being budgeted for 2021-22:

##### **Revenues:**

- 9.1% increase in state PPR to \$8,766/student
- 0.9% overall decrease in BVSD MLOs to \$3,643/student
- 1.7% decrease in charter school capital construction funding to \$289/student
- 5.5% decrease in SpEd categorical funding to \$237/student
- 3.6% increase in ELPA categorical funding to \$42/student
- Instructional fees will return to normal at \$304K
- 36% decrease in interest earnings and procard rebate to \$45K

##### **Expenses:**

- 5% increase for all employees except hourly support staff
- A new compensation system is being implemented for hourly support staff that includes new pay scales, and the average overall increase in compensation is approximately 15%
- 0.9% increase in BVSD purchased services to \$1,691/student
- 1.8% increase in health insurance premiums to \$7,656/employee
- 2.2% increase in dental insurance premiums to \$540/employee
- No increases in LTD, STD and life insurance premiums
- 0% increase in PERA employer contributions at 20.9%
- Addition of new identity theft protection benefit will cost \$78/ee/year
- Bond debt service costs remain flat at \$1.44 million

It was noted that last year at this time, we were looking at three scenarios for PPR funding: a 0% cut, 5% cut, 10% cut. The final cut approved by the state legislature was 5.5%. The state economy has recovered at a much faster pace than anticipated this year, so the current projection of a 9.1% increase in PPR is considered very solid and expected to be passed by the legislature.

**RECOMMENDATION:** *The FBC recommended board approval of the budget with the above presented assumptions. The state legislature will be approving final funding for schools in early May. The board will be asked to approve the preliminary budget at the May 19<sup>th</sup> board meeting.*