



PEAK TO PEAK
CHARTER SCHOOL
800 Merlin Drive • Lafayette, CO 80026

**FINANCE AND BUDGET COMMITTEE (FBC)
MEETING SUMMARY AND RECOMMENDATIONS
OCTOBER 25, 2021**

Meeting Date and Time: Monday, October 25, 2021, 3:30 – 5:00 PM

Location: Virtual Meeting via Google Meet

Participants: Lynne Allen, external charter school rep; Brian Boonstra, board treasurer; Eric Duran, external banking rep; Louise Peng, senior accountant; Kelly Reeser, EDE; Cathy Rein, accountability chair; Sam Todd, EDO.
Absent: David Woo, board member; Jonathan Fung, external philanthropy rep.

AGENDA ITEMS

1. 2020-21 Q4 & Year-End Financial Results and Budget Performance

The financial results for 2020-21 were solid for all funds at Peak to Peak, despite the COVID pandemic. See a summary of each fund's performance below:

Charter General Fund 11

Total Fund 11 revenues and transferred-in fundraising donations from Friends of Peak to Peak came in at \$18.1 million, or 99% of budget; while expenditures came in at \$17 million, or 94% of budget. A budget surplus of \$940K was generated for the fiscal year, leaving financial reserves in good shape at nearly \$6.6 million.

Food Services Fund 21

It was a difficult year for the food services program due to the pandemic, which did not allow for in-person food service all year. Since the school continued to pay all food services employees throughout the shutdown, the program would have posted a \$158K net loss for the year; but the infusion of federal ESSER grant monies allowed the program to post a \$3K surplus. Total revenues came in at \$180K, or 64% of budget, and expenses came in at \$338K, or 77% of budget.

Operations & Technology Fund 65

2020-21 total revenues for Fund 65 were up \$86K from the previous year, and came in at \$1.47 million, which was 100% of the budget. Total expenses came in under budget at \$1.63 million, or 92% of the budget. The ending fund balance was \$377K, about \$148K higher than budget.

FBC Discussion

FBC members commended the school for the strong financial performance in 2020-21, despite the negative impact of the COVID-19 pandemic.

2. 2020-21 Financial Audit

Allison Slife, CPA from the auditing firm CLA, will be presenting the 2020-21 audited financials to the board at the November 17th meeting. The audit process again went smoothly this year – largely attributable to the

excellent preparation provided by Louise Peng, Amy Skinner and Terri Tarbutton on the finance staff. The general fund balance increased \$939,686 to \$6,558,729. Unrestricted cash increased \$724,148 to \$8,347,703. Peak to Peak's net position increased \$6,985,642 due to a significant increase in deferred outflows of resources for pensions. Capital assets decreased \$417,492 to \$26,073,712. Days cash on hand increased from 159 to 178.4, an all-time high for Peak to Peak. There were no significant deficiencies or exceptions found by CLA in this year's audit.

FBC Discussion

FBC members lauded the clean audit and the increase in days cash on hand.

3. Financial Reserves and Investment Performance

The FBC reviewed financial reserves investment performance for 2020-21, which showed total investments of \$7.2 million. \$105K is being held at Great Western Bank earning 0.01% interest, \$4.5 million is being held at COLOTRUST earning 0.15% interest in the EDGE account, and \$2.6 million is being held at COLOTRUST earning 0.02% in the PLUS+ account. Total interest earnings in 2020-21 were \$10K due to very low interest rates. In 2020-21, an additional \$500K was deposited in COLOTRUST from operating accounts.

FBC Discussion

FBC members acknowledged the low interest earnings, but were encouraged with the new EDGE investment option at COLOTRUST.

4. 2021-22 Final Revised Budget

The Executive Leadership Team began work on the 2021-22 budget last December, and the board approved the preliminary budget in May. Work on the revised budget was largely completed in October of this year, but we are still waiting on updated purchased services expenses from BVSD. With a generous increase in state PPR, the school was able to grant solid pay increases and accommodate increases in teacher FTE, while still generating a projected budget surplus. See below the details of the Fund 11 revised budget for 2021-22.

Fund 11 Revenues

- Per Pupil Revenue (PPR) increased 9.1% to \$8,763. Total PPR revenue is \$12.8 million, which represents 65.1% of total revenues.
- Fund 11 Mill Levy Override revenues decreased 1% to \$2,636/student, or \$3.8 million, which represents 19.4% of revenues.
- Charter capital construction revenue decreased 0.7% at \$292/student, or \$422K, or 2.2% of revenues.
- Special Ed categorical funding decreased by 5.5% to \$237/student, or \$347K, or 1.8% of revenues.
- English Language Proficiency funding increased 3.6% to \$42/student, or \$60K, or 0.3% of revenues.
- TAG grant revenue remained the same at \$9.79/student, or \$14K, or 0.1% of revenues.
- ESSER II funding of \$138K and ESSER III funding of \$607K are included in other district/state revenues.
- Instructional student fees are projected to generate \$304K in revenues, an increase of \$114K from last year, due to no field trips being offered last year.
- Friends of P2P is budgeted to transfer \$353K in net fundraised monies, or 1.8% of the total revenues.
- BAASC is projected to generate revenues of \$268K, or 1.4% of revenues.
- Athletics & Activities is projected to generate \$461K in revenues, or 2.3% of total revenues.
- CPD is budgeted to generate revenues of \$28K, or 0.1% of total revenues.
- Rebates, refunds and investment revenues are budgeted at \$45K, or 0.2% of total revenues.
- Total general fund revenues are budgeted at \$19.6 million for 2021-22, a 6.8% increase over last year.

Fund 11 Expenses

- Salary and benefits expenses represent nearly 69% of the total operating budget at \$13.4 million.
- Teachers and counselors received a 5% increase in pay, salaried support staff 5%, administrators 5%, and hourly support staff received an average increase of 10% with the newly implemented pay scales.
- The employer-paid PERA contribution for all employees remained the same at 20.9%.
- P2P currently has a two-year rate guarantee on LTD, STD and Life/ADD insurance employee benefits with no premium increases.
- P2P offers a new identity theft protection benefit to all benefit-eligible staff with a \$78 annual premium per employee.
- Health and dental insurance, which is purchased through BVSD, saw premium increases of 1.8% and 2.2%.
- BVSD purchased services are projected to increase 0.9% to \$1,691/student, but we are still waiting for final updated figures.
- Instructional expenses represent 58% of the total budget, or \$11.4 million.
- Administrative expenses represent 14% of the total budget, or \$2.7 million.
- Facilities expenses are staying the same at 0.7% of the budget, or \$132K.
- Bond payments are stable at \$1.44 million, representing 7.4% of the budget.
- Local program costs decrease slightly to 4.4% of the budget, or \$863K.
- Capital projects expenses represent 3.8% of the budget, or \$737K.
- BVSD purchased services represent 11.7% of the budget, or \$2.3 million, with some IT purchased services moving from Fund 65 back to Fund 11.
- Total general fund expenses are \$19.6 million for 2021-22, with a projected budget surplus of \$16K.

The school will receive updated purchased services costs from BVSD in early November. Because the district is experiencing a decrease in student enrollment, we anticipate the MLO revenues per student will increase, but purchased services costs per student will also increase.

FBC Recommendation

The FBC unanimously approved the 2021-22 budget as presented and recommended approval by the board, with the caveat that BVSD MLO revenues and purchased services expenses will need to be updated before the board can approve the revised budget.

5. Q1 2021-22 Financial Report

The financial results for the first quarter of 2021-22 did not include any surprises, and showed positive results overall. Detailed results are provided below for each fund.

Charter General Fund 11

Total revenues in Q1 totaled \$4.8 million, or 25% of budget; while expenses were \$3.5 million, or 19% of budget. A budget surplus of \$1.3 million was generated in Q1, leaving financial reserves in good shape at nearly \$7.86 million. The ending fund balance for the year is projected to be \$6 million.

Food Services Fund 21

Total revenues in Q1 were \$21K, or 4% of budget, and total program expenses were \$132K, or 22% of budget. Over \$110K in national school lunch program reimbursement revenue for Q1 was not received before the end of the quarter, which kept revenues below budget. At the end of Q1, the Fund 21 fund balance was (\$73K). The ending fund balance for the year is projected to be \$34K.

Operations & Technology Fund 65

Revenues in Q1 were \$364K, or 25% of budget, and total expenses were \$514K, or 36% of budget. At the end of the Q1, the Fund 65 fund balance was \$227K. The ending fund balance is budgeted to be \$268K at year-end.

FBC Discussion

FBC members were pleased with the consistent strong financial performance of the school, and recognized that Q1 Fund 11 financial results are skewed high due to the teacher salary and benefit accrual, which will balance out in Q4.

6. The next meeting date will be Monday, January 31st at 3:30 PM

The preliminary agenda for this meeting will include:

- Q2 financial results
- 2021 S&P Credit Review
- Financial KPIs update
- Campus expansion and potential capital campaign
- Economic outlook for state, and implications for school funding next year