



TO: Charter School Governing Board

THRU: Jacquelin Collins, Superintendent

FROM: Mary Anne Moniz, Business Manager *Mary Anne Moniz*

DATE: February 28, 2018

SUBJECT: FY 2017-18 Budget Amendment No. 1

The FY 2017-18 Operating Budget of \$30,964,571 was adopted by the City of Cape Coral Charter School Authority Governing Board on August 8, 2017. The Charter School Authority's Business Manager, Superintendent, Principals and respective Operating Departments (Transportation, Food Service, Procurement, Maintenance, and Custodial) developed the budget which was projected to use \$253,779 from fund balance to support operating expenditures.

The proposed Budget Amendment is being requested to modify the estimates of revenues and appropriations but is necessary to capture miscellaneous adjustments and the reclassification of the Discretionary Capital (Restricted Fund Balance) as well as the \$1,200,000 approved by the Governing Board in September to begin replacing the building air conditioning needs.

Below is a summary of the proposed changes for both revenue and expenditure categories. In addition, detailed tables outlining all of the changes can be found in the attachments that follow.

Revenue Category - Sources	FY 2018 Adopted	Adjustments	FY 2018 Amend. No. 1	% Change
Assigned Fund Balance	\$ 253,779	\$ 1,002,023	\$ 1,255,802	394.84%
Restricted Fund Balance		1,697,980	1,697,980	0.00%
Committed Fund Balance		486,371	486,371	0.00%
Unassigned Fund Balance	6,334,137	(1,536,485)	4,797,652	-24.26%
Intergovernmental	22,937,710	(685,823)	22,251,887	-2.99%
Public Education Capital Outlay	582,762	32,528	615,290	5.58%
Charges for Service	666,450	-	666,450	0.00%
Miscellaneous	189,733	13,518	203,251	7.12%
Other: Debt Proceeds	-	-	-	0.00%
Total Incr (Reduction of Revenues & Balance Forward:	\$ 30,964,571	\$ 1,010,112	\$ 31,974,683	3.26%

Expenditure Category - Uses	FY 2018 Adopted	Adjustments	FY 2018 Amend. No. 1	% Change
Personnel	\$ 16,567,465	\$ 98,031	\$ 16,665,496	0.59%
Operating	7,022,075	122,627	7,144,702	1.75%
Capital Outlay	318,165	557,733	875,898	175.30%
Debt Service	252,211	54,372	306,583	21.56%
Restricted Fund Balance		1,697,980	1,697,980	0.00%
Committed Fund Balance		486,371	486,371	0.00%
Unassigned Fund Balance	6,804,655	(2,007,002)	4,797,653	-29.49%
Total Incr (Reduction) of Appropriated Expenditures & Reserves:	\$ 30,964,571	\$ 1,010,112	\$ 31,974,683	3.26%

BALANCES BROUGHT FORWARD

Balances Brought Forward (Cash) are estimated at \$6,539,825 to coincide with the Comprehensive Annual Financial Report (CAFR) for the fiscal year ending June 20, 2017. In addition, a total of \$1,697,980 has been added to Restricted Fund Balance for Discretionary Capital dollars. At this time, the Discretionary Capital funding has been set aside until a final decision is reached on whether we are able to keep it or will have to return the funds to Lee County.

In addition to the above, the Budget Amendment includes a reduction to Unassigned Fund Balance of \$1,200,000 for the replacement of our systems air conditioning units. This was previously approved by the Governing Board in September 2017. To date, a total of \$713,629 has been encumbered and the balance of \$486,371 has been placed in Committed Fund Balance for future use.

Please note that financial statements were adjusted to reflect an \$800,000 transfer of fund balance from Oasis Elementary to Oasis High School to adhere to the new monthly financial statements in the Board packet. This transfer is relevant as to Florida Statute 1002.33(17(b). Fla. Stat. (2017).

SOURCES/REVENUES

Sources, also called revenues, reflect a proposed decrease of \$639,777 or 2.62% when compared to the Adopted Budget. The primary cause of this decrease is associated with the adjustment of \$739,045 to move Discretionary Capital to Restricted Fund Balance. Explanations for each adjustment to revenue can be found below:

INTERGOVERNMENTAL

- **AICE**

AICE revenues are difficult to estimate since this source is based on student pass rates for AS/A level exams as well as diploma recipients. In June 2016, we had 64 diploma recipients, whereas in June 2017 we had 21. In June 2016, we had 750 exams passed and in June 2017 there were 659.

Actual revenue totaled \$540,069 which was \$87,031 less than the adopted budget of \$627,100. This program generated \$651,050 last fiscal year.

It should also be noted that State Statute has changed the bonus structure and there is no longer a maximum amount award to teachers for student pass rates, so the current year's pay-out was greater than previous years. Another change is that 80% of the funds awarded must be directly correlated to the program.

- ***Florida Education Finance Program (FEFP)***

Using the latest survey information provided by Lee County School District, FEFP reflected a reduction of \$40,554 to the \$20,670,372 budget. This funding source is calculated using student full-time equivalency (FTE). As of the last survey, our enrollment decreased by 7.4 FTE. As discussed throughout the budget process, while there is a reduction in revenue, we continue to budget at 96% to be conservative.

- ***Florida Teacher Lead/Classroom Supply Assistance***

Florida Teacher Lead provides our teachers with an allocation to be used for the reimbursement of instructional materials and supplies for use in teaching students. Each teacher received a total of \$252.61. This funding is off-set through payroll. Due to vacancies, a reduction of \$1,933 was made to match actual funding received for this program.

- ***Other Misc. State Shared***

During the budget development process, there was not a specific object to capture dollars associated with the anticipated Discretionary Capital. In an effort to keep this funding separated from other revenue we budgeted \$739,045 in this category, while at the same time, taking a very conservative approach. Since then, we have received a total of \$1,697,980 but have set the funding aside awaiting final determination on award. Therefore, this funding has been reallocated to Restricted Fund Balance where it will remain until a final decision is reached.

- ***School Recognition Funds***

As previously announced, both the Christa McAuliffe and Oasis Middle Schools were recognized as an "A" School for the 2016-2017 school year. Funding for School Recognition Funds are not budgeted as recognition is not known at the time of the budget development process. Therefore, budgets have been adjusted to reflect the actual amounts awarded which totaled \$157,957. These dollars are a pass-through and are paid out to the school staff as determined in their plans submitted to the District.

- ***Title II-A Funding***

As part of the budget development process, it has been practice to budget at the same level as previous year's funding for this category. This year, our system has been awarded a total of \$59,474 to be used for professional development. This is an increase of \$24,783 over previous year. It should be noted that if funding is not spent by year-end schools are required to pay these funds back. We have utilized \$18,196 to date of this funding.

PUBLIC EDUCATION CAPITAL OUTLAY (PECO)

- ***Public Education Capital Outlay***

PECO revenues reflect an increase of \$32,528 when compared to the budget of \$582,762 for a total of \$615,290. It should be noted that this is budgeted at 96% as this funding has historically reflected a decline in the last quarter of the year.

MISCELLANEOUS REVENUES

- ***Book Sales***

This category has been used as a holding place for those dollars associated with Scholastic Books. Due to recent changes made by the City's Finance Department, these dollars are now captured in a liability account and will no longer be budgeted for revenues or expenditures; therefore, the \$22,600 that was initially budgeted has been removed.

- ***Contribution Charter Rally Revenue***

A \$10,000 contribution was transferred into General Funds from the High School Charter Rally proceeds. This funding was used to offset the technology costs of providing students with chromebooks.

- ***Contributions/Donations***

Contributions/donations are budgeted based on what the schools anticipate to receive from outside sources or Parent Teacher Organizations. Although the Middle School anticipated using funds from their technology internal funds, to help offset their chrome book costs, it was decided to wait until next school year. Therefore, a reduction of \$25,000 has been made. In addition, Christa McAuliffe had a slight increase of \$640.

- ***Health Care Insurance Profit Sharing***

An adjustment of \$875 was realized for the reimbursement of a Flexible Spending Care also known as Wage Works.

- ***Lost/Damaged/Sold Textbooks***

It was identified that dollars reimbursed for lost/damaged/sold textbooks had previously been applied to an incorrect account. Now that this has been corrected, we are seeing a slightly higher increase in these revenues and increased these revenues by \$400.

- ***Other Misc. Revenue/Reimbursable Charges***

This category is now being used to capture miscellaneous transfers from internal funds; however, \$11,533 is associated with the reimbursement of payroll expenses associated with the OMS Afterschool Program from FY 2013-FY 2018.

- ***Other Misc. Revenue***

While this account has been used to capture miscellaneous internal fund transfers, schools were directed by City Finance to pay for the system-wide Holiday Party through General Funds. Therefore, each school provided funding toward this event.

- ***Reimbursable Charges***

All revenue associated with City Park & Recreation Departments is captured in this category. This includes: Early Bird/After School, Bus Usage, Custodial Services, and OMS Gym reimbursements. Revenue associated with the Early Bird/After School Program exceeded expectations coming in at \$26,166 in which budgets have been adjusted to reflect a \$23,260 increase as additional bus trips and custodial reimbursements are expected.

- ***Rents and Royalties***

To date, we have had very few facility rentals. Funding associated with the \$1,500 increase is associated with a recent volleyball event.

- ***Short Term Investment Income***

As we have begun to monitor our investments more closely, we have realized a greater investment rate on fund balance. It is estimated that this income will almost double in FY 2018 from an estimated \$24,775 to \$46,118. The funding associated with Discretionary Capital is also expected to help increase these resources.

EXPENDITURES/USES

The proposed Budget Amendment would increase the Charter School's total budgeted expenditures by \$832,763 from \$24,159,916 to \$24,992,679 or 3.45%. In addition, reserves will increase by \$177,349 from \$6,804,655 to \$6,982,004 for a net increase in appropriated expenditures and reserves of \$1,010,112 or 3.26%.

PERSONNEL

While there were several adjustments between payroll accounts, there is an expected increase of \$98,031 to payroll. This is primarily associated with the payout of School Recognition funds which totaled \$193,157 as well as AICE teacher bonuses which totaled \$32,750.

OPERATING

Although there were multiple transfers of funds between operating lines, the overall Operating category increased by \$122,627 from \$7,022,075 to \$7,144,702. Below are items that have initiated this change:

- ***Accounting & Auditing***

As agreed with the City, our system pays for the City Accountant. While we have previously paid a portion of their time, the service level has increased and this position has become full time. An increase of \$38,449 is expected.

- ***Outside Services***

Due to changes in our account structure, landscaping expenses will now be charged to outside services. Therefore, a reduction has been made to Building Maintenance and an increase of \$81,316 has been made to Outside Services for these expenditures. In addition, outside services associated with Speech and Occupational Services have increased.

- ***Travel Costs***

Travel Costs reflect an increase of \$10,063 which is primarily associated with an increase in Title II-A funding as noted above.

- ***Copy & Fax Machine Rent/Lease***

Due to changes in our account structure we now separate the cost of our copiers and the cost of copy overages. Therefore, a total decrease of \$29,697 is reflected in this category but an increase to Other Operating Materials and Supplies is noted.

- ***Equipment Repair/Maintenance***

Equipment Repair/Maintenance reflects an increase of \$28,487 which is associated with the increase of bus repairs.

- ***Building Maintenance***

Building Maintenance reflects a reduction of \$79,585 which is solely associated with landscaping noted in Outside Services above.

- ***Diesel Fuel***

Diesel Fuel has been reduced by \$9,400 through a fund transfer to help offset the increased bus maintenance costs.

- ***Other Repairs and Maintenance***

Other Repairs and Maintenance has been reduced by \$6,500 to cover bus repairs and parts.

- ***Small Equipment***

Small Equipment has decreased by \$22,601 which was previously budgeted for the purchase of projectors. It was determined that they were not needed at this time. In addition, a portion of this savings was used to offset some of the chrome book purchases.

- ***Computer Equipment/Accessory***

As approved by the Governing Board, both the Middle and High Schools purchased their computers outright vs. leasing. A total of \$73,328 was transferred to cover these purchases. In addition, the High School has used \$15,000 from their Internal Funds to help offset these expenditures.

- ***Operating Supplies***

A total of \$32,500 was transferred from various accounts into Operating Supplies which will be used to cover the costs of parts for our Transportation Department.

- ***Textbooks***

Textbooks reflect a decrease of \$44,280 from \$242,000 to \$197,720. A total of \$20,380 was used to cover the costs of the OHS Chromebook and Apple Digital Lab needs. An additional \$20,000 was transferred from the Middle School to cover Transportation purchase orders.

- ***Other Operating Materials & Supplies***

As noted above, dollars that were previously budgeted for copy overages were moved to this category to better capture these expenses.

- ***Training & Seminars***

Training & Seminars reflects an increase of \$16,042 which is associated with the increased Title II funding noted above.

- ***In-House Training***

In-House Training reflects an increase of \$12,917 which is associated with the increased Title II funding.

CAPITAL OUTLAY

Capital Outlay reflects a total Increase of \$557,734 from \$318,165 to \$875,899. This increase is primarily associated with the air conditioning units that were approved by the Governing Board in September 2017. To date, a total of \$713,629 has been encumbered and a balance of \$486,371 remains in committed fund balance. Our Facilities Manager and Procurement Manager are currently working with the vendor to obtain quotes on the mini split replacements.

- ***Equipment***

As noted above, a total of \$1,200,000 was approved for use from Fund Balance by the Governing Board on September 2017 so our system can begin improving our buildings; more specifically, air conditioning units. To date, a total of \$713,629 has been encumbered for Oasis Elementary, Christa McAuliffe, and Oasis Middle Schools. Below is a breakdown by school:

- OES \$298,991
- OMS \$231,252
- CME \$183,386
- OHS n/a

In addition to the above, funding was transferred from this category so the High School and Middle Schools could purchase their chromebooks direct vs. lease.

- ***Buildings***

A decrease of \$15,000 is reflected under the Buildings account and is primarily associated with the CME Portable Study. While we anticipated a total budget of \$50,000, the study was proposed at \$35,000.

DEBT SERVICE

- ***Debt Service***

After reviewing the Chromebook Lease, City Finance had reclassified both the Chromebook and Bus Leases to Debt. This new expense category will capture both Principal Expense as well as Debt Interest. Funding was simply shifted between Operating and Capital categories to cover these costs.

OTHER

- ***Insurance***

Due to a reduction in claims and lower than estimated rates, we anticipate a credit of approximately \$16,171 to our insurance premiums in FY 2018. Since we have not received this funding the budget has not been adjusted to date.

- **Fiscal Service Chargebacks**

It should be noted that Fiscal Service Chargebacks are still under review.

CONCLUSION

In conclusion, this budget amendment is requested to align revenue and expenditure categories due to miscellaneous adjustments or transfers between accounts, reclassification of the Discretionary Capital, and adjust the \$1,200,000 for air conditioning units as approved by our Governing Board in September 2017.

Through the support of staff, we continue to look for ways to increase our revenues and decrease our expenses to reduce anticipated use of fund balances.

In closing, it is staff's recommendation that the Governing Board approve the FY 2017-18 Budget Amendment No. 1.

Attachments

cc: Victoria Bateman, Financial Services Director, City of Cape Coral
Kevin Brown, Principal, Christa McAuliffe Elementary
Jacqueline Collins, Superintendent, Cape Coral Charter School Authority
Donnie Hopper, Principal, Oasis Middle School
Jeanette Kreuz, Sr. Accountant, City of Cape Coral
Christopher Phillips, Management/Budget Administrator, City of Cape Coral
Amanda Sanford, Principal, Oasis High School
Jo-Anne Velotti, Assistant Management/Budget Administrator, City of Cape Coral



FY 2017-18 Revenues Budget Amendment No. 1

Object	Description	FY 2017-18 Adopted	Adjustment	FY 2017-18 Amend No. 1
531901	Other Fed Grants	\$ (102,094)	\$ -	\$ (102,094)
533261	NSLP Reimbursement Lunch	(437,750)	-	(437,750)
533262	NSLP Reimbursement Breakfast	(66,950)	-	(66,950)
535750	FEFP-FL Ed Fin Prog St Shared	(20,670,372)	40,554	(20,629,818)
535751	FI Teacher Lead Prog St Shared	(47,656)	1,933	(45,723)
535752	School Recog Funds St Shared	-	(157,957)	(157,957)
535753	VPK Program State Shared	(212,052)	-	(212,052)
535754	Charter Sch Cap Outly St Share	(582,762)	(32,528)	(615,290)
535755	Other Misc State Shared	(739,045)	739,045	-
535756	Title II-A Funding St Shared	(34,691)	(24,783)	(59,474)
535757	AICE Revenue State Shared	(627,100)	87,031	(540,069)
547801	Student Lunch Serv Charges	(654,050)	-	(654,050)
547803	Transportation Service Charges	(12,400)	-	(12,400)
561102	Short term investment income	(24,775)	(21,343)	(46,118)
562101	Rents and Royalties	(500)	(1,500)	(2,000)
564102	FA Auction/Salvage Proceeds	-	-	-
566101	Contrib/Donation Private Sourc	(80,520)	24,360	(56,160)
566104	Contrib Charter Rally Revenue	-	(10,000)	(10,000)
569101	Other Miscellaneous Revenue	(1,100)	(6,100)	(7,200)
569103	Book Sales Misc Revenue	(22,600)	22,600	-
569104	Lost/Damaged/Sold Textbooks	(900)	(400)	(1,300)
569110	Reimbursable Charges	(35,938)	(23,260)	(59,198)
569116	Oth Misc Rev/Reimbursable Chrg	-	(15,500)	(15,500)
569119	HealthCare Ins Profit Sharing	-	(875)	(875)
569901	Other Miscellaneous Revenues	(23,400)	18,500	(4,900)
Total Revenues:		\$ (24,376,655)	\$ 639,777	\$ (23,736,878)
599910	Restricted Fund Balance	\$ -	\$ (1,697,980)	\$ (1,697,980)
599920	Committed Fund Balance	-	(486,371)	(486,371)
599930	Assigned Fund Balance	(253,779)	(1,002,023)	(1,255,802)
599940	Unassigned Balances	(6,334,137)	1,536,484	(4,797,653)
Total Fund Balance:		\$ (6,587,916)	\$ (1,649,890)	\$ (8,237,806)
Grand Total All Revenues:		\$ (30,964,571)	\$ (1,010,113)	\$ (31,974,684)



FY 2017-18 Expenditures Budget Amendment No. 1

Object	Description	FY 2017-18 Adopted	Adjustment	FY 2017-18 Amend No. 1
611110	Administrator/Principal Salary	\$ 730,740	\$ 11,033	\$ 741,773
612120	Classroom Teacher Salary	7,763,969	-	7,763,969
612130	Oth Certified Personnel Salary	690,114	(111,838)	578,276
612150	Aides Salary	363,045	(15,540)	347,505
612160	Other Support Personnel Salary	1,977,857	32,007	2,009,864
613102	Contract Employees Salary/Wage	1,100	-	1,100
613140	Substitutue Teacher Salary/Wag	205,000	-	205,000
614101	Overtime	3,720	-	3,720
615101	Special Pay/Add Pay	383,105	11,300	394,405
615107	Employee Recognition/Bonus	-	193,157	193,157
621101	FICA Taxes	751,354	2,800	754,154
621102	Medicare Taxes	174,744	668	175,412
622110	Florida Retirement System(FRS)	947,520	(3,881)	943,639
623101	Life,Health,Disability Insur	193,905	(5,035)	188,870
623102	Self-Insured Health Plan	2,228,634	(26,583)	2,202,051
623107	Opt Out Health Ins Subsidy	40,399	1,400	41,799
624101	Workers Compensation	112,259	8,109	120,368
624103	Leave Payout	-	434	434
Total Personnel:		\$16,567,465	\$98,031	\$16,665,496
631304	Legal Services	\$ -	\$ 2,800	\$ 2,800
631312	Accounting & Auditing	96,249	38,449	134,698
631399	Other Professional Services	364,534	(138)	364,396
634107	Physicals - General	9,426	(658)	8,768
634119	Employee Health Clinic Charges	2,247	-	2,247
634120	Outside Services	14,839	81,316	96,155
634123	Dual Enrollment Tuition	38,000	-	38,000
634125	Athletics Coaches & Officials	84,000	-	84,000
640101	Food And Mileage (City)	6,736	1,397	8,133
640105	Travel Costs	18,551	10,063	28,614
641101	Communication Service	8,419	(316)	8,103
641102	Telephone Service	113,065	1,569	114,634
641103	Telecommunication Service	563	(180)	383
641104	Postage & Shipping	14,709	800	15,509
643202	Electric	469,913	-	469,913
643203	Water & Sewer	54,783	-	54,783
643205	Propane Fuel	5,151	-	5,151
644101	Building Rental/Leases	2,967,613	-	2,967,613
644102	Equipment Rental/Leases	3,935	-	3,935
644103	Copy & Fax Machine Rent/Lease	68,380	(29,697)	38,683
644199	Other Rentals/Leases	101	-	101
645101	Insurance	297,301	-	297,301
646102	Equip Repair/Maintenance	158,055	28,487	186,542
646103	Building Maintenance	338,997	(79,585)	259,412
646104	Diesel Fuel	112,718	(9,400)	103,318
646105	Parts Repair/Maintenance	-	500	500
646106	Unleaded Fuel	1,165	-	1,165
646108	Other Repairs & Maint.	19,000	(6,500)	12,500
647101	Printing	2,388	600	2,988
648101	Advertising	2,681	-	2,681
649102	Bank Fees	11,173	-	11,173
649103	Various Fees	171,111	(1,434)	169,677
652101	Office Supplies	78,234	1,514	79,748
652113	Uniforms	2,775	-	2,775
652114	Chemicals	105	-	105

Object	Description	FY 2017-18 Adopted	Adjustment	FY 2017-18 Amend No. 1
652115	Tools	1,026	(200)	826
652116	Small Equipment	68,178	(22,601)	45,577
652117	Janitorial Supplies	81,500	-	81,500
652118	Operating Medical Supply	-	250	250
652119	Food And Beverage	559,500	-	559,500
652121	Computer Equip/Accessory	74,076	73,328	147,404
652122	Computer Software/License	147,586	500	148,086
652125	Sod, Seed, Sand And Soil	-	-	-
652128	Operating Supplies - Charter S	81,201	25,869	107,070
652129	Textbooks	242,000	(44,280)	197,720
652130	Periodicals	-	150	150
652139	School A La Carte Food	105,000	-	105,000
652141	Trophies/Awards	306	(103)	203
652145	Teacher Classroom Supply	48,203	(1,788)	46,415
652199	Other Operating Mat & Supplies	35,367	22,126	57,493
654101	Books Pubs Subscript & Membrshp	1,233	830	2,063
655101	Training & Seminars	33,941	16,042	49,983
655102	In-House Training	6,041	12,917	18,958
	Total Operating:	\$7,022,075	\$122,627	\$7,144,702
662101	Buildings	\$ 50,000	\$ (15,000)	\$ 35,000
662601	Improvements Other Than Bldgs	7,500	(5,000)	2,500
664101	Equipment	211,642	588,757	800,399
664102	Vehicles	3,000	1,500	4,500
664501	Computer Software Intangible	28,000	-	28,000
666101	Library Books	4,923	577	5,500
666102	Scholastic Book Fair	13,100	(13,100)	-
	Total Capital Outlay:	\$318,165	\$557,734	\$875,899
671100	Principal Expense - Debt	\$ 233,532	\$ 54,372	\$ 287,904
672101	Debt Interest Expense	18,679	-	18,679
	Total Debt Service:	\$252,211	\$54,372	\$306,583
699201	Restricted Fund Balance	\$ -	\$ 1,697,980	\$ 1,697,980
699301	Committed Fund Balance	-	486,371	486,371
699901	Unassigned Fund Balance	6,804,655	(2,007,002)	4,797,653
	Total Reserves:	\$6,804,655	\$177,349	\$6,982,004
	Grand Total:	\$ 30,964,571	\$ 1,010,113	\$ 31,974,684