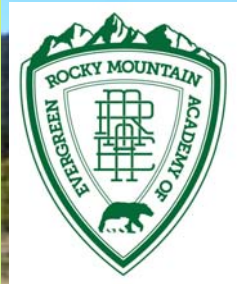


Parent Forum Meeting

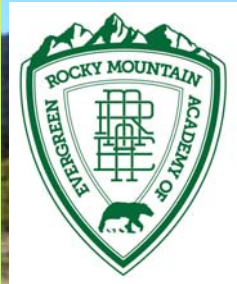
Financial Report

September 29th, 2016



Purpose of this presentation:

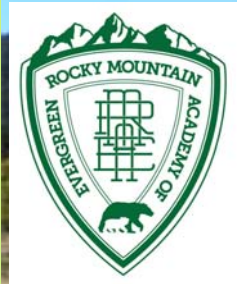
- **Evolution of Enrollment and FTE (full time enrollment)**
- **Required Reserve Definitions and Values (Covenant of our lease)**
- **Path Forward**
- **Action Plan**



Evolution of Enrollment and FTE

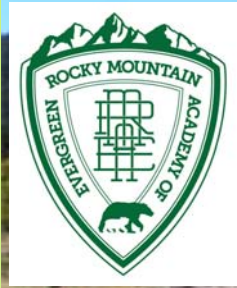
	October 2015 Count	April 2016 Budget	August 2016
Enrollment	393	381	310
FTE (Kindergarten Student = .5 FTE)	372.5	365	298.5

- **Currently State Per Pupil Revenue (PPR) = \$7209.30**
 - **Currently Jefferson County Mill Over-ride = \$1399.87**
- **\$8609 per FTE**
- **Thus, we are currently 66.5 FTE below budget which equates to a \$572,000 revenue shortfall (total 2016-17 revenue of \$3.2 million)**



Reserve Definitions and Values

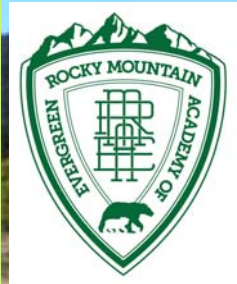
- **We keep track of two(2) types of “Reserves” on RMAE’s annual budgets.**
 - 1. Carry Forward Reserves = Accumulated budget surplus dollars**
CASH on hand, currently = ~\$794,000
 - 2. Required Reserves for Tabor and Bond Liquidity Covenant**
Mandatory Savings - CAN’T spend it
- **Tabor = 3% of Revenue minus Donations (varies with FTE).**
 - **At current FTE and revenue, Tabor = ~\$96,000**
- **Liquidity Covenant = 7.5% of total Expenses, variable based on budgets.**
 - **As of April 21st approved budget, this was ~ \$290,000 but will be less on revised budget**
 - **Should Carry Forward Reserves ever fall below Required Reserves (Tabor + Liquidity) it does NOT mean Bond default, but it would still be “bad”. We will NOT have that happen.**



Reserve Picture and Definitions

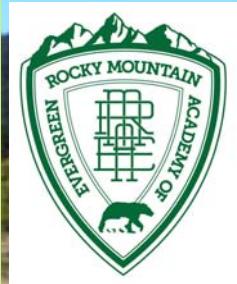
Carry Forward Reserves (cash)	\$794,000
<u>Required Reserves (mandatory savings)</u>	- \$386,000 (combined values from last slide)
Cash available to offset deficit	\$408,000

- **Revenue shortfall (\$572,000) is greater than available cash reserve, which is why expense reduction is also necessary this year.**
- **MULTIPLE OPTIONS on Path Forward to make up the difference**



Path Forward

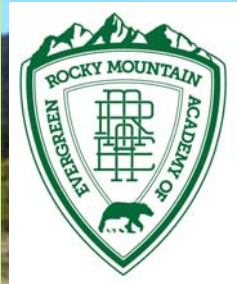
- **Finance Committee is performing a detailed review of expenses and will recommend a revised budget to the Board which re-aligns expenses with significantly reduced revenue.**
 - **Goal is \$250,000 - \$300,000 in overall expenses savings.**
 - **Goal is also absolute minimal disruption on students and classrooms.**
- **As in years past, gracious Foundation and PTO would be used to “cover” some operational expense items within the budget.**
 - **Goal of \$90,000 - \$100,000**
- **Not just a “this year thing”. Finance Committee and Board have been and will continue to look at multi-year FTE growth scenarios while making decisions now.**



Path Forward

\$408K	Available Cash (after Tabor and Liquidity)
+\$300K	2016/17 Budget savings after reductions
+\$ 90K	Potential PTO/Foundation support
<u>-\$572K</u>	<u>Revenue Shortfall due to FTE</u>
\$226K	Carry Forward 2017/18 (Dependent upon budget)

- **Still have Tabor and Liquidity Covenant on the books.**
- **Further expense reductions and/or Cash Reserve spending may be needed next year if FTE growth isn't sufficient to balanced the budget.**
- **Careful planning and execution of the budget now and next year, coupled with growth in FTE going forward, will lead to the long term financial stability of RMAE!**



Action Plan

Permanent Solution? Increase enrollment

Temporary Solution? Cut expenses & spend reserves

Goals:

- 1. Increase enrollment 60 plus students over the next 2 years.**
- 2. Increase marketing to new and past students.**
- 3. Spread the Word: Administration, teachers, board members, parents and students spread the word about our fantastic Core Knowledge Curriculum, our amazing teachers and Random Acts of Kindness community at RMAE.**