



PALISADES

CHARTER HIGH SCHOOL

CBO REPORT BOARD OF TRUSTEES MEETING AUGUST 28, 2018

2018-2019

Cash Balances for PCHS at the end of July was \$6.1 million (\$5.6 million unrestricted and \$5.0 million in Fund 20.0-Lifetime Benefits Account, excluding outstanding loans from Permit account of \$1.3 million) LCFF Funding in the Summer months of July & August are lower (only 5%) than the remainder of the Year (9%). However, September Cash flow will increase due to the EPA Prop 30 Funding which occurs quarterly. This funding will approximate \$1.15 million Quarterly.

A final Track and Field Loan payment, in the amount of \$222,510, was processed in July from the Lifetime Benefits Account, as approved by the Board to complete construction. The total loans for both the Pool and Track & Field projects made from the Lifetime Benefits Account is \$1.35 million. This balance is below the \$1.4 million loan amount previously authorized by the Board in 2018. These loans bear interest at the rate of 4.5%.

Attendance

The initial enrollment has started for the 2018-2019 School Year. At the time of this report (through 8 school days), 3,049 students were enrolled at PCHS (54 at Pali Academy). The processing of students' Free & Reduced applications is still in process and, to date, 945 (or 31%) of enrolled students have been approved.

2018-2019

After the Budget was approved in June, the California Legislature adopted the 2018-2019 Budget that changed the funding suggested in Governor Brown's May Revise (the usual standard for Budgets). Unfortunately, while the State increased our Cost of Living Adjustment (COLA) from 3.0% to 3.7%, it also reduced our One-time funding from \$344 per ADA to \$184 ADA. These changes have been summarized and included in the 2018-2019 agenda item. The Administration has and will be meeting to update the organization with the plan(s) to address this reduction in revenue. A Revised 2018-2019 Budget adoption is recommended to address the approximately \$190,000 reduction in Revenue from the Adopted Budget and incorporate the reductions into either increased revenues or decreased expenses.



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Attached as separate agenda item is the Unaudited Actuals that were filed with the CDE. The Financials reported an additional unanticipated deficit of approximately \$666,000. The attachment includes explanations on the major shortfalls in revenue (approx. \$155,000) and additional expenses (approx. \$511,000). New accounting & operations protocols have been and are being initiated to mitigate and identify these unanticipated financial results.

Audit

We had our second visit with our new firm of Nigro & Nigro for the 2017-2018 Audit in July. This review covered the internal controls of both PCHS and the ASB. The final visit will be performed in October 2018 to review and audit the reported financial balances at June 30, 2018. The audit report is required to be submitted to CDE, LACOE & LAUSD by December 15th.