

ARISE High School Board Financial Update

BRYCE FLEMING AND JEFF THOMPSON

MARCH 9, 2021



- 1. State Funding Update**

- 2. 2020-21 January Forecast Update**
 - A. Review of Forecast Changes
 - B. Current Forecast
 - C. Cash Flow Projection
 - D. Financial Dashboards

- 3. 21-22 Budget Update**
 - A. Forecast
 - B. Assumptions
 - C. Cash Flow
 - D. 401K Plan

- 4. 2nd Interim Report**

- 5. Exhibits**
 - A. Current 20-21 Forecast
 - B. 21-22 Budget

State Funding Update



AB/SB 86 – Two Programs in One Bill



Legislature & Governor reach agreement to incentivize reopening – spend by 8/31/22

\$2B: In-Person Instruction

- Provide in-person instruction by 4/1 – docked 1% every day not open after 4/1, no funding after 5/15
- Estimated at 3.56% of LCFF
- Must remain open or forfeit funds – no penalty if closed by state agency

\$4.6B: Expanded Learning Opportunities

- No application or approval – all LEAs to receive funds
- Estimated at 6.94% of LCFF + \$1K per homeless student
- Spend on extending instructional time, closing learning gaps via supports, counseling, learning hubs & more
- Expenditure Plan due 6/1/21

2020-21 January Forecast Update

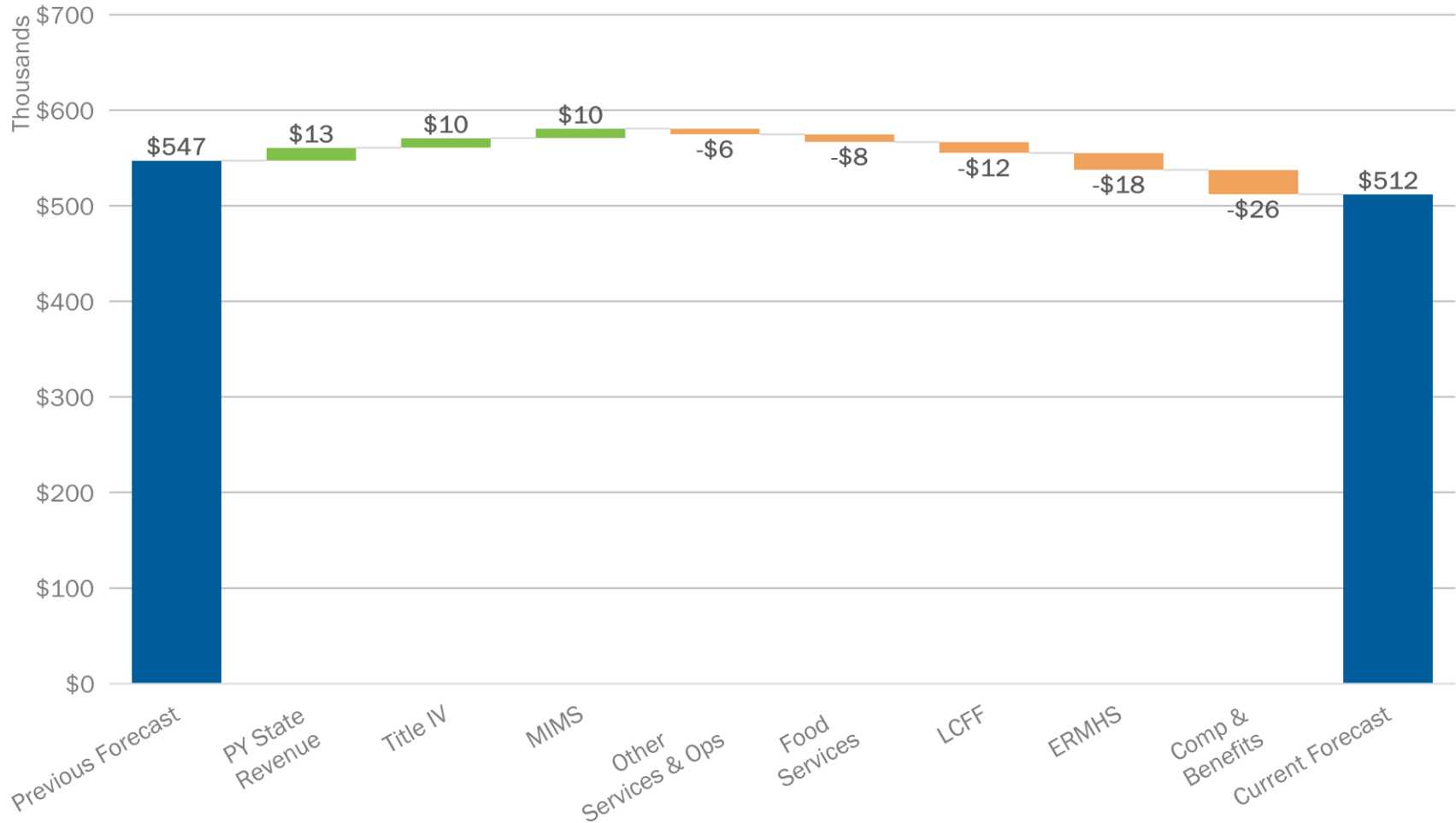
Actuals through 1/31/2021

edtec 



20-21 Forecast Waterfall

State funding and payroll adjustments decrease operating income

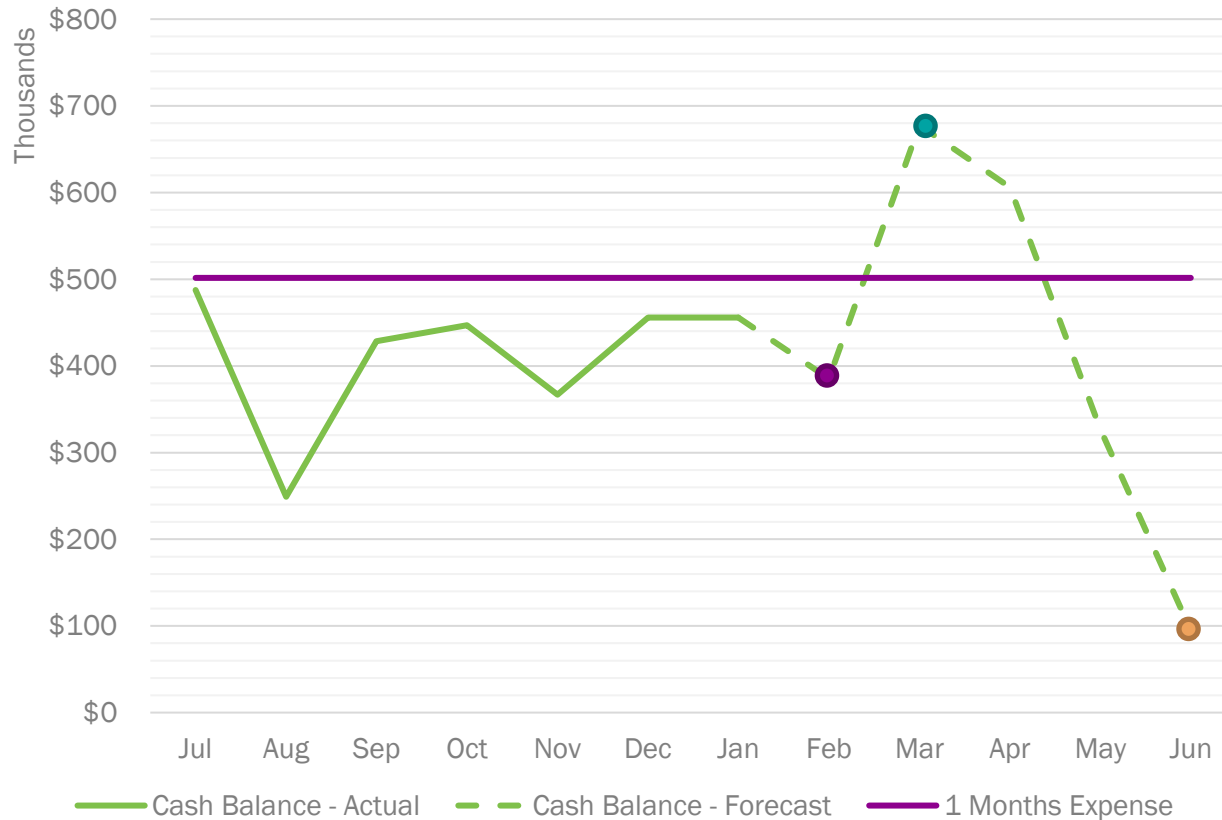


Net \$35K decrease in operating income

		2020-21	2020-21	Variance
		Previous Forecast	Current Forecast	
Revenue	LCFF Entitlement	4,434,388	4,422,829	(11,559)
	Federal Revenue	745,039	775,039	30,000
	Other State Revenues	873,727	872,566	(1,162)
	Local Revenues	460,880	459,611	(1,269)
	Fundraising and Grants	-	-	-
	Total Revenue	6,514,035	6,530,045	16,010
Expenses	Compensation and Benefits	3,514,917	3,540,504	(25,587)
	Books and Supplies	414,411	444,453	(30,042)
	Services and Other Operating	1,706,035	1,701,818	4,217
	Depreciation	272,578	272,578	-
	Other Outflows	58,691	58,691	-
	Total Expenses	5,966,632	6,018,045	(51,413)
	Operating Income	547,402	512,000	(35,403)
	Beginning Balance (Unaudited)	1,558,778	1,558,778	-
	Operating Income	547,402	512,000	(35,403)
	Ending Fund Balance (incl. Depreciation)	2,106,180	2,070,777	(35,403)
	Ending Fund Balance as % of Expenses	35.3%	34.4%	-0.9%

20-21 Monthly Cash Flow Projection

Impact of deferrals delayed by grant funding and LCFF schedule



Revenue assumptions:

- **February** - 87K 19-20 SB740
- **March** - \$28K ERMHS, 204K 20-21 SB740, 35K SWP, \$164K Measure N, \$42K PY Fed SPED, \$10K PY CTEIG
- **June** - 102K 20-21 SB740, 133K Measure N, 137K repayment of Prop 39 Clean Energy funding

With improved cash projection, financing may not be needed

One-time state funding may add cash cushion, if it arrives this spring

Advances on State Aid Payments (ASAP)

- We've officially withdrawn our application
- Less desirable because of lack of flexibility
- Cost also not significantly different

Line of Credit

- Line of credit cancelled
- To maintain \$250K line, needed to have \$250K in the bank
- Will need that \$250K later this spring

Receivable Sale

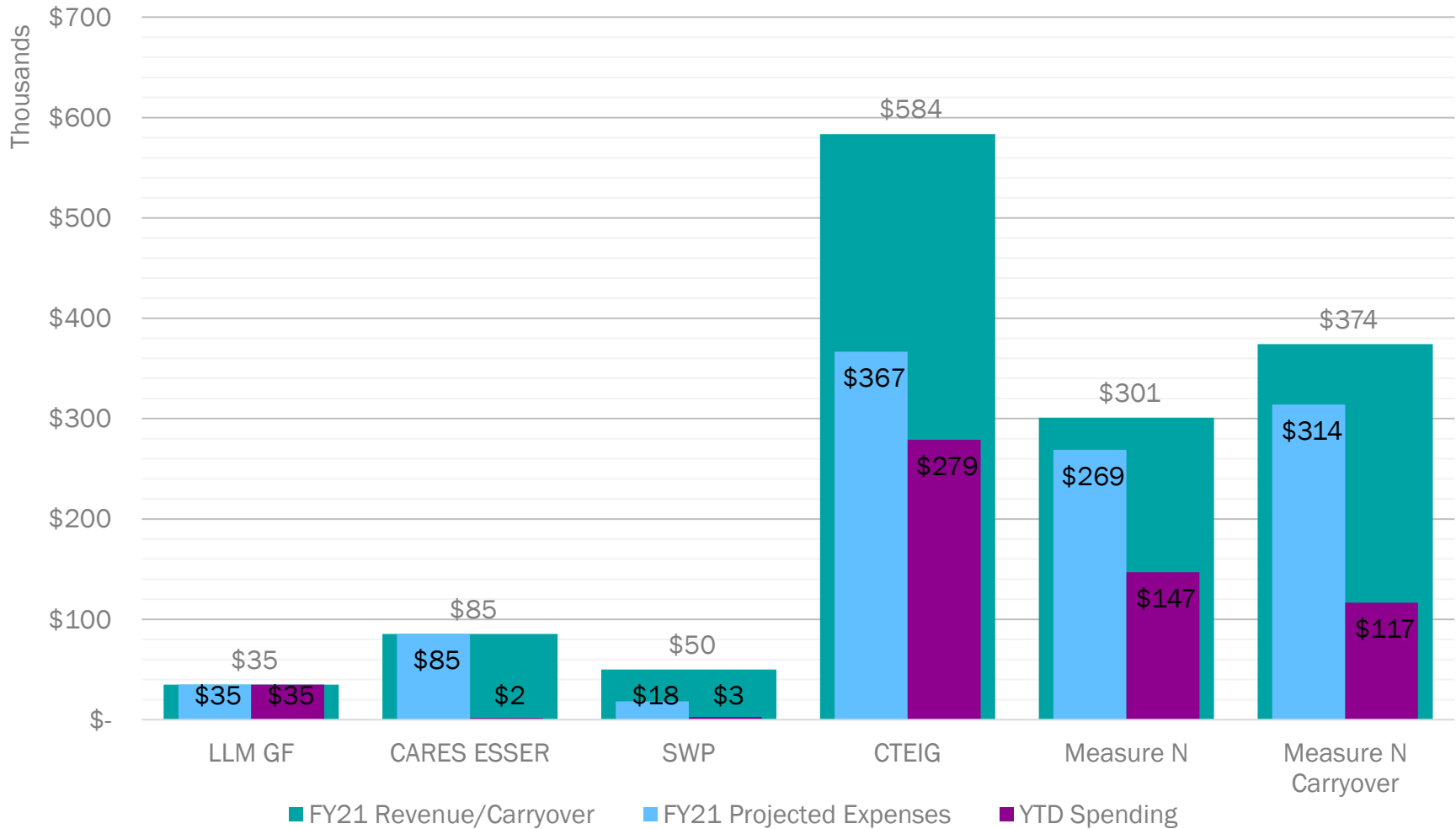
- ARISE could obtain cash by selling future receivables like monthly LCFF payments
- Likely unnecessary, but can be arranged later in the spring

Arise Financial Dashboard

			2020-21 Board Meetings				
Metric	Target	Legend	9/15	10/20	11/17	2/16	3/16
Enrollment	385	>385 375-385 <375	385	387	387	389	389
Attendance	93.5%	>93.5% 92-93.5% <92.0%	93.5%	93.5%	94.0%	94.0%	94.0%
Expense variance to budget	No more than 5%	<4% 5% to 4% >5%	3.3%	3.1%	2.8%	7.1%	8.5%
Uncategorized revenue & expense	<\$10,000	<\$10,000 \$10K-\$20K >\$20,000	\$166,000	\$17,000	\$23,995	\$0	\$0
Cash on hand	45 days' expense	>45 30-45 <30	32	28	29	29	29
Year-end fund balance (forecast)	20% of expenses	>20% 15-20% <15%	40.0%	41.0%	37.6%	35.3%	34.4%

Restricted Spending Update

With CARES LLM spent, now spending other federal COVID relief funds



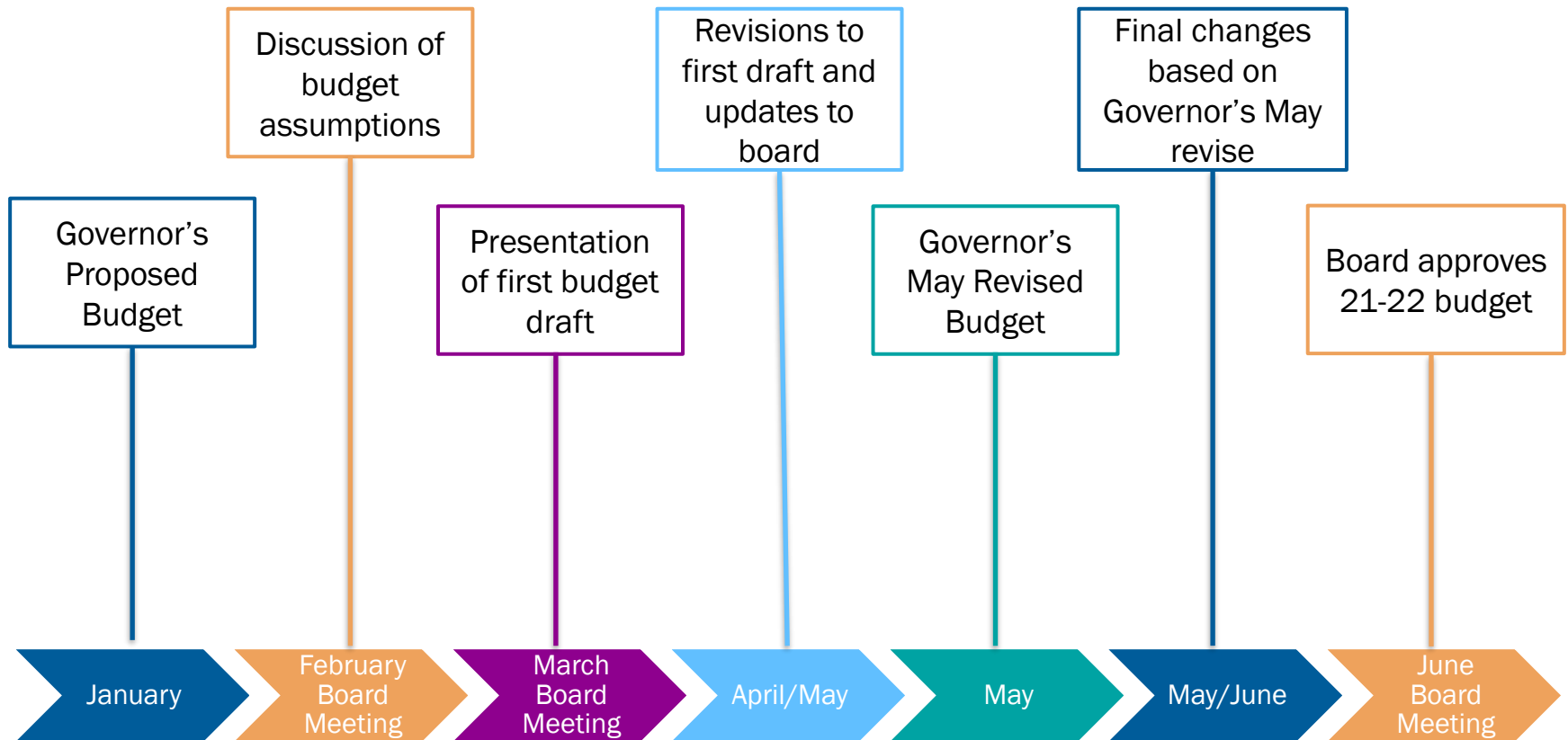
21-22 Budget Update

edtec 



21-22 Budget Development

Process began in January; approval by June 30



Three-Year Budget

Decreasing one-time funding leads to decreasing operating incomes

		2020-21	2021-22	2022-23
		Current Forecast	Projected Budget	Projected Budget
Revenue	LCFF Entitlement	4,422,829	4,749,448	4,901,920
	Federal Revenue	775,039	721,594	364,905
	Other State Revenues	872,566	784,305	785,023
	Local Revenues	459,611	626,730	626,730
	Fundraising and Grants	-	-	-
	Total Revenue	6,530,045	6,882,077	6,678,578
Expenses	Compensation and Benefits	3,540,504	4,263,861	4,187,209
	Books and Supplies	444,453	425,600	423,112
	Services and Other Operating	1,701,818	1,629,753	1,619,457
	Depreciation	272,578	272,578	266,917
	Other Outflows	58,691	49,606	39,917
	Total Expenses	6,018,045	6,641,399	6,536,611
	Operating Income	512,000	240,678	141,967
	Beginning Balance (Audited)	1,558,778	2,070,777	2,311,456
	Operating Income	512,000	240,678	141,967
Ending Fund Balance (incl. Depreciation)		2,070,777	2,311,456	2,453,423
Ending Fund Balance as % of Expenses		34.4%	34.8%	37.5%

Planning to increase to full enrollment next year

	FY20-21	FY21-22
Total Enrollment	387	400
9 th Grade Enrollment	110	120
10 th Grade Enrollment	105	110
11 th Grade Enrollment	90	95
12 th Grade Enrollment	82	75
Attendance Percentage	94.0%	93.5%
ADA	363.7	374.0
Unduplicated Pupil % (3-Year)	83.22%	86.85%

2021-22 Revenue Assumptions

Growth in CTEIG and Measure N balance decrease in COVID funding

	FY20-21	FY21-22
LCFF Funding Per ADA (COLA 3.84%)	\$12,161	\$12,699
State Lottery Funding Per ADA	\$197	\$199
State SPED Funding Per ADA	\$625	\$634.38
Federal SPED Funding Per PY Enroll	\$125	\$125
Federal COVID Funding	\$485,057	\$363,467
Measure N	\$300,900	\$422,625
CTEIG	\$100,000	\$148,295
SB740 Facilities Funding	\$374,375	\$384,977
SWP	\$50,009	\$0
Revenue Per ADA	\$17,954	\$18,401

2021-22 Payroll Projections

Current percent raise is the working rate, not final

	FY20-21	FY21-22
Percent Raise for Continuing Staff	1.6%	3.0%
Total FTE	37.99	44.50
Teacher FTE	22.75	26.10
Average Teacher Salary	\$69,010	\$68,863
Estimated Healthcare per Staff	\$6,199	\$6,385

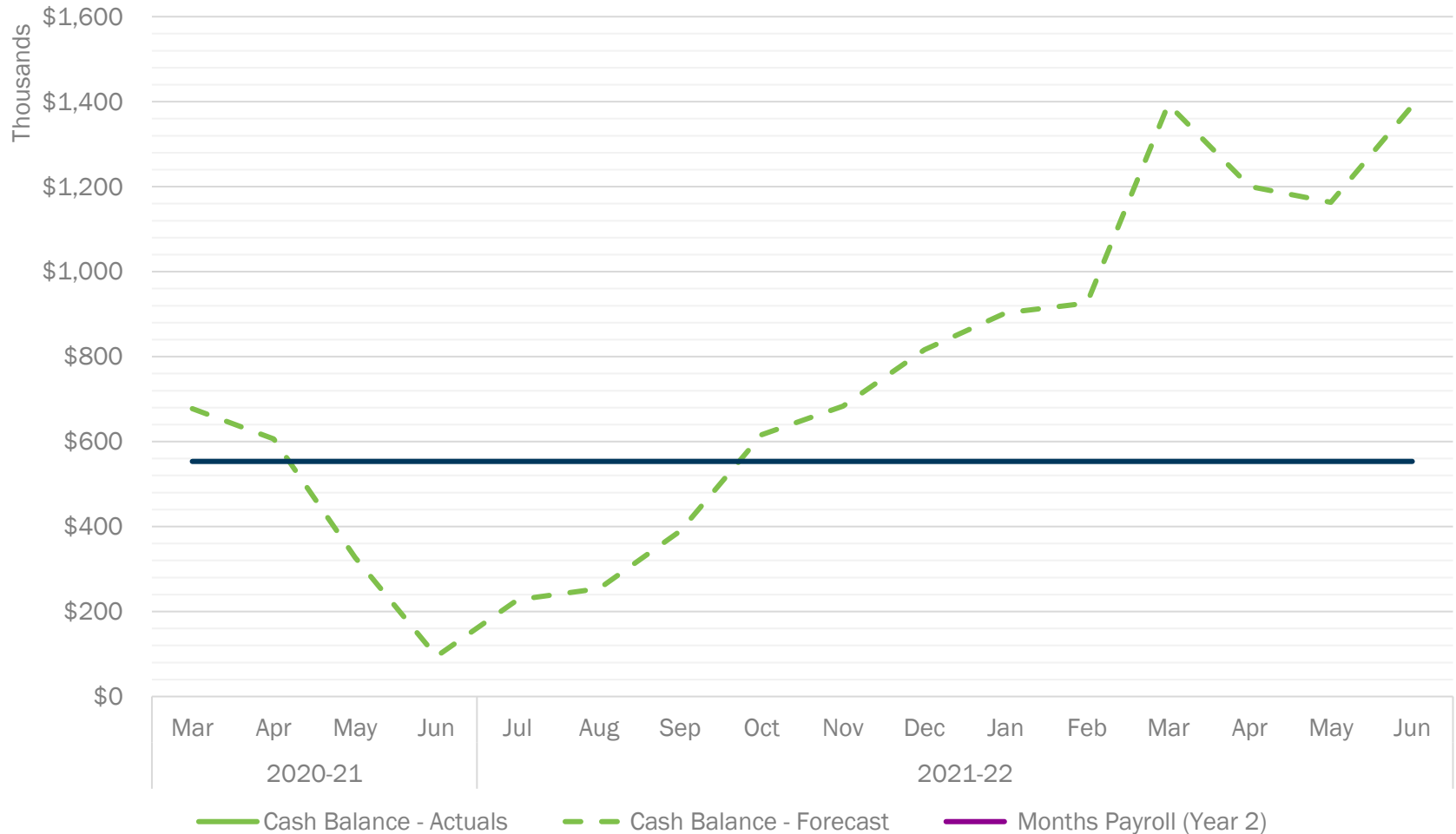
Budgets changing significantly from Year 1 to 2

Increase by 2.0% COLA and enrollment; main exceptions below

	FY20-21	FY21-22	Variance
Office Supplies	\$6,000	\$15,000	-\$9,000
Instructional Materials and Supplies	\$38,000	\$50,000	-\$12,000
Computers	\$60,000	\$30,000	\$30,000
Rent	\$744,012	\$842,831	-\$98,819
Leadership Coach	\$9,000	\$36,000	-\$27,000
Financing	\$20,000	\$0	\$20,000
SPED Contractors	\$338,147	\$136,522	\$201,625

21-22 Monthly Cash Flow Projection

Deferral repayments in fall drive cash increase



401K Plan (Not Included in Budget Yet)

Certificated staff have STRS, so excluded from this plan

	FY2021-22	FY2022-33
Classified Support Staff FTE (not including TAs)	12.20	12.20
Total Classified Staff Pay	\$922,459	\$816,233
Max Expense with 3% Matching Contribution	\$27,674	\$24,487

2nd Interim Financial Report

Due March 1

edtec 



2nd Interim Financial Report

What is it?

- Second mandated financial report for the fiscal year covering July 1-January 31.
- Due March 1 to OUSD.
- Includes YTD actuals through January, updated budget forecast, and multi-year projection.

What does it say?

- Growing fund balance and positive operating incomes in all years, even as one-time funding decreases.
- Growth to full enrollment in year 2.

Next Steps

- Review, ARISE Board to approve report.
- Already submitted to OUSD.