



1st Interim Report

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Agenda

- 1st Interim Components
 - Positive Certification
- Actuals to Date
- Multi-Year Projections
- Next Steps

Positive Certification

Elements of a positive certification

Fiscally Solvent in Current Year



- The first interim reviews the following three items:
 - (Column 1): The Board approved budget as of June 30, 2020
 - (Column 2): Actual year to date revenue & expenses from July 1, 2020 – October 31, 2020
 - (Column 3): An updated budget/forecast for the 20-21 fiscal year
- If Column 2 is ~33% or less than Column 3 & the ending fund balance is positive, the school is considered fiscally solvent.

Fiscally Solvent in 2 Out-years (MYP)






- The first interim reviews the two following fiscal years' multi-year projections (MYP).
- Key areas to review:
 - Positive ending fund balance
 - If deficit spending (negative operating income), identify whether the reason is one-time in nature or on-going
 - Ongoing deficit spending is not a sign of fiscal solvency
 - Assumptions for MYP, both revenue & expenditures

Ability to meet cash obligations






- While the first interim report does not have cash flow included, schools should ensure that they are able to meet all financial obligations identified in the current year and out-years

Positive Certification at the Middle School

Element	Positive Certification	Notes
Fiscally Solvent in Current Year		Due to one-time funding & higher ADA, the MS is projecting an operating income of \$126.1K at 1 st Interim with an ending fund balance of \$2.31M (43% of expenses)
Fiscally Solvent in 2 Out-years (MYP)		Deficit funding is projected in out-years and will be addressed during the LCAP planning process and following the Governor's Proposed budget in January 2021.
Ability to meet cash obligations		The middle school is able to meet all cash obligations under current assumptions for 2020-21 and out-years. <i>*Ending cash balance for AoA is projected to be \$2.18M, which includes deferrals & the assumption of repaying the PPP Loan beginning in April 2021</i>

Positive Certification at the Elem School

Element	Positive Certification	Notes
Fiscally Solvent in Current Year		Deficit spending is projected for the current fiscal year due to increasing the number of learning hubs. The ES is projecting an operating income of -\$36.2K at 1 st Interim with an ending fund balance of \$1.1M (32% of expenses)
Fiscally Solvent in 2 Out-years (MYP)		One-time funding loss in 21-22 is mostly replaced with the assumption of after-school revenue returning. Positive operating income is projected in out-years and will be addressed during the LCAP planning process and following the Governor's Proposed budget in January 2021.
Ability to meet cash obligations		The elementary school is able to meet all cash obligations under current assumptions for 2020-21 and out-years. <i>*Ending cash balance for AoA is projected to be \$2.18M, which includes deferrals & the assumption of repaying the PPP Loan beginning in April 2021</i>

Actual Year to Date (YTD) Revenue & Expenses

July 1 – Oct 31, 2020

2020-21 AoA Cash Flow

Actual YTD & Forecast

	Jul Actual	Aug Actual	Sep Actual	Oct Actual	Nov Projected	Dec Projected	Jan Projected	Feb Projected	Mar Projected	Apr Projected	May Projected	Jun Projected	Forecast	AP/AR
Beginning Cash	\$ 3,317,871	\$ 3,857,107	\$ 3,873,318	\$ 3,693,897	\$ 3,769,501	\$ 3,387,736	\$ 3,243,156	\$ 3,343,602	\$ 3,026,191	\$ 2,763,284	\$ 2,528,036	\$ 2,106,769		
Revenue														
8011 Charter Schools LCFF - State Aid	-	167,720	167,720	301,897	301,898	301,897	301,897	141,892	62,190	62,190	62,190	-	3,412,416	1,540,926
8012 Education Protection Account Entitlement	-	-	-	233,516	(1)	-	233,516	-	-	233,516	-	-	934,062	233,516
8096 Charter Schools in Lieu of Property Taxes	-	-	136,669	175,333	464,245	182,646	182,646	182,646	317,879	158,940	158,940	158,940	2,277,822	158,940
Federal Income	-	-	354,676	-	(238,514)	115,501	46,028	331	115,501	46,028	56,099	115,501	741,298	130,149
Other State Income	-	-	98,399	38,195	52,163	52,098	50,182	71,543	39,380	37,463	74,889	39,380	791,392	237,699
Local Revenues	5,366	-	55	4,785	(2,001)	5,056	1,356	1,356	5,056	1,356	1,356	671,122	694,866	-
Fundraising and Grants	846	617	320	90	15,676	11,350	3,100	3,100	11,350	3,100	3,100	11,350	64,000	-
Total Revenue	6,213	168,337	757,839	753,816	593,467	668,549	818,725	400,868	551,355	542,593	356,574	996,292	8,915,856	2,301,228
Expenses														
Compensation & Benefits	198,832	494,607	526,845	525,586	583,495	575,292	575,292	575,292	575,292	575,292	575,292	620,292	6,401,410	-
Books & Supplies	15,093	5,652	230,193	27,494	112,462	61,421	61,887	61,887	61,887	61,887	61,887	61,887	823,640	-
Services & Other Operating Expenses	67,191	23,982	102,349	50,006	309,147	206,290	110,974	110,974	206,957	103,740	103,740	199,722	1,595,072	-
Capital Outlay	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenses	281,116	524,241	859,387	603,086	1,005,105	843,003	748,154	748,154	844,136	740,919	740,919	881,902	8,820,122	-
Operating Cash Inflow (Outflow)	(274,904)	(355,904)	(101,548)	150,730	(411,638)	(174,454)	70,571	(347,286)	(292,781)	(198,327)	(384,346)	114,390	95,733	2,301,228
Revenues - Prior Year Accruals	899,173	323,570	606	32,446	22,838	22,838	22,838	22,838	22,838	22,838	22,838	22,838	-	-
Expenses - Prior Year Accruals	-	-	-	-	(1)	-	-	-	-	-	-	-	-	-
Accounts Receivable - Current Year	-	2,928	2,494	646	-	-	-	-	-	-	-	-	-	-
Accounts Payable - Current Year	8,746	27,875	(97,270)	(123,546)	-	-	-	-	-	-	-	-	-	-
Summerholdback for Teachers	(146,942)	16,794	16,298	15,328	7,036	7,036	7,036	7,036	7,036	7,036	7,036	7,036	-	-
Loans Payable (Long Term)	-	-	-	-	-	-	-	-	-	(66,795)	(66,795)	(66,795)	-	-
Other Balance Sheet Changes	53,162	948	-	-	-	-	-	-	-	-	-	-	-	-
Ending Cash	3,857,107	3,873,318	3,693,897	3,769,501	3,387,736	3,243,156	3,343,602	3,026,191	2,763,284	2,528,036	2,106,769	2,184,238		

- Ending cash is projected to be \$2.18M in June 2021
- PPP Loan repayment, if not forgiven, will begin in April 2021
- Accounts receivable is projected to be \$2.3M at year end, 67% is due to State Aid deferrals

Middle School

	Actual YTD	Previous Month's Forecast	Current Forecast	Variance (Previous vs. Current Forecast)	Forecast Remaining	Forecast Received / Spent
SUMMARY						
Revenue						
LCFF Entitlement	626,226	4,013,397	4,026,027	12,630	3,399,801	16%
Federal Revenue	225,391	466,209	470,764	4,554	245,373	48%
Other State Revenues	83,447	507,350	527,123	19,773	443,676	16%
Local Revenues	10,206	434,594	421,394	(13,200)	411,188	2%
Fundraising and Grants	1,621	30,000	33,000	3,000	31,379	5%
Total Revenue	946,891	5,451,551	5,478,308	26,757	4,531,417	17%
Expenses						
Compensation and Benefits	1,048,770	3,778,412	3,907,025	(128,612)	2,858,255	27%
Books and Supplies	159,416	493,800	490,200	3,600	330,784	33%
Services and Other Operating Expenditures	160,127	1,046,586	954,967	91,620	794,840	17%
Depreciation	-	-	-	-	-	-
Total Expenses	1,368,312	5,318,798	5,352,191	(33,393)	3,983,879	26%
Operating Income	(421,421)	132,753	126,117	(6,636)	547,539	
Fund Balance						
Beginning Balance (Unaudited)		2,187,215	2,187,215			
Audit Adjustment		-	(2,963)			
Beginning Balance (Audited)		2,187,215	2,184,252			
Operating Income		132,753	126,117			
Ending Fund Balance		2,319,968	2,310,369			

- The “Previous Month’s Forecast” represents the updated budget voted on by the Board in September 2020.

Elementary School

	Actual YTD	Previous Month's Forecast	Current Forecast	Variance (Previous vs. Current Forecast)	Forecast Remaining	Forecast Received / Spent
SUMMARY						
Revenue						
LCFF Entitlement	556,629	2,595,735	2,598,273	2,538	2,041,644	21%
Federal Revenue	129,285	261,238	270,534	9,295	141,249	48%
Other State Revenues	53,147	270,319	264,269	(6,050)	211,122	20%
Local Revenues	-	273,472	273,472	-	273,472	0%
Fundraising and Grants	253	30,000	31,000	1,000	30,747	1%
Total Revenue	739,314	3,430,764	3,437,547	6,783	2,698,233	22%
Expenses						
Compensation and Benefits	697,101	2,429,015	2,494,386	(65,371)	1,797,285	28%
Books and Supplies	119,016	339,940	333,440	6,500	214,424	36%
Services and Other Operating Expenditures	83,402	636,695	640,105	(3,411)	556,704	13%
Depreciation	-	11,200	5,858	5,342	5,858	0%
Total Expenses	899,519	3,416,850	3,473,789	(56,939)	2,574,270	26%
Operating Income	(160,205)	13,914	(36,242)	(50,156)	123,963	
Fund Balance						
Beginning Balance (Unaudited)		1,158,869	1,158,869			
Audit Adjustment		-	(27,279)			
Beginning Balance (Audited)		1,158,869	1,131,590			
Operating Income		13,914	(36,242)			
Ending Fund Balance		1,172,783	1,095,349			

- The “Previous Month’s Forecast” represents the updated budget voted on by the Board in September 2020.

Assumptions: Multi-Year Projections (MYP)

Middle School

	2020/21	2021/22	2022/23
	Current Forecast - Middle	Preliminary Budget - Middle	Preliminary Budget - Middle
SUMMARY			
Revenue			
General Block Grant	4,026,027	3,539,476	3,543,230
Federal Revenue	470,764	170,525	171,467
Other State Revenues	527,123	462,051	468,547
Local Revenues	421,394	584,337	573,137
Fundraising and Grants	33,000	33,990	72,810
Total Revenue	5,478,308	4,790,380	4,829,190
Expenses			
Compensation and Benefits	3,907,025	3,818,613	3,970,324
Books and Supplies	490,200	286,829	296,079
Services and Other Operating Expenditures	954,967	806,603	833,344
Depreciation	-	-	-
Total Expenses	5,352,191	4,912,044	5,099,747
Operating Income	126,117	(121,664)	(270,557)
Fund Balance			
Beginning Balance (Unaudited)	2,187,215	2,310,369	2,188,705
Audit Adjustment	(2,963)	-	-
Beginning Balance (Audited)	2,184,252	2,310,369	2,188,705
Operating Income	126,117	(121,664)	(270,557)
Ending Fund Balance	2,310,369	2,188,705	1,918,148
Ending Fund Balance as a % of Expense	43%	45%	38%

REVENUE:

- While funding levels are projected to remain steady, LCFF funding is projected to decrease by \$486.5K once ADA is funded on actual 21-22 projected levels.
 - **Note: there was a windfall in 20-21 because the school was held harmless at 19-20 ADA funding with declining 20-21 enrollment.*

- Loss of \$331.9K in one-time funds in out years

EXPENSES:

- Compensation & Benefits were only decreased by 2.3% (\$88K), while revenue decreased by 12.6% (\$688K)
- Largest decreased in out-year expense assumptions were in the 4000 & 5000 series to adjust for the one-time funding in 20-21.

Elementary School

	2020/21	2021/22	2022/23
	Current Forecast - Elem	Preliminary Budget - Elem	Preliminary Budget - Elem
SUMMARY			
Revenue			
General Block Grant	2,598,273	2,575,543	2,581,212
Federal Revenue	270,534	109,158	111,191
Other State Revenues	264,269	244,884	249,579
Local Revenues	273,472	522,625	524,075
Fundraising and Grants	31,000	31,930	59,528
Total Revenue	3,437,547	3,484,140	3,525,585
Expenses			
Compensation and Benefits	2,494,386	2,514,376	2,575,578
Books and Supplies	333,440	218,312	224,156
Services and Other Operating Expenditures	640,105	604,226	609,898
Depreciation	5,858	5,858	5,858
Total Expenses	3,473,789	3,342,772	3,415,490
Operating Income	(36,242)	141,367	110,094
Fund Balance			
Beginning Balance (Unaudited)	1,158,869	1,095,349	1,236,716
Audit Adjustment	(27,279)	-	-
Beginning Balance (Audited)	1,131,590	1,095,349	1,236,716
Operating Income	(36,242)	141,367	110,094
Ending Fund Balance	1,095,349	1,236,716	1,346,810
Ending Fund Balance as a % of Expense	32%	37%	39%

REVENUE:

- Unlike the middle school, the elementary is projected to have relatively flat funding in out-years.
- Loss of \$184.7K in one-time funds in out years was replaced in the assumption of after-school program revenue of \$213K.
 - **Note: if the school is unable to offer the after-school program in 21-22, all revenue & expenses related to this program would be addressed.*

EXPENSES:

- Compensation & Benefits increased by approximately 1% (\$20K), due to less staffing for learning hubs.
- Largest decrease in out-year expense assumptions were in the 4000 & 5000 series to adjust for the one-time funding in 20-21.
- Playground depreciation will start in 20-21 for the next 10 years now that construction is in progress.

Key Out-Year Assumptions - Revenue

- Out-Year ADA is assumed off the following enrollment
 - Middle School Enrollment at 420 (**399.0 ADA**)
 - Elementary School Enrollment at 296 (**281.2 ADA**)
- Enrollment by In-District & Out of District (affects Parcel Tax)
 - In-District Middle School – **69%**
 - In-District Elementary School – **62%**
- Loss of One-Time Funding
- Increase of After School Revenue
 - Middle School – \$151.2K
 - Elementary School - \$213.1K

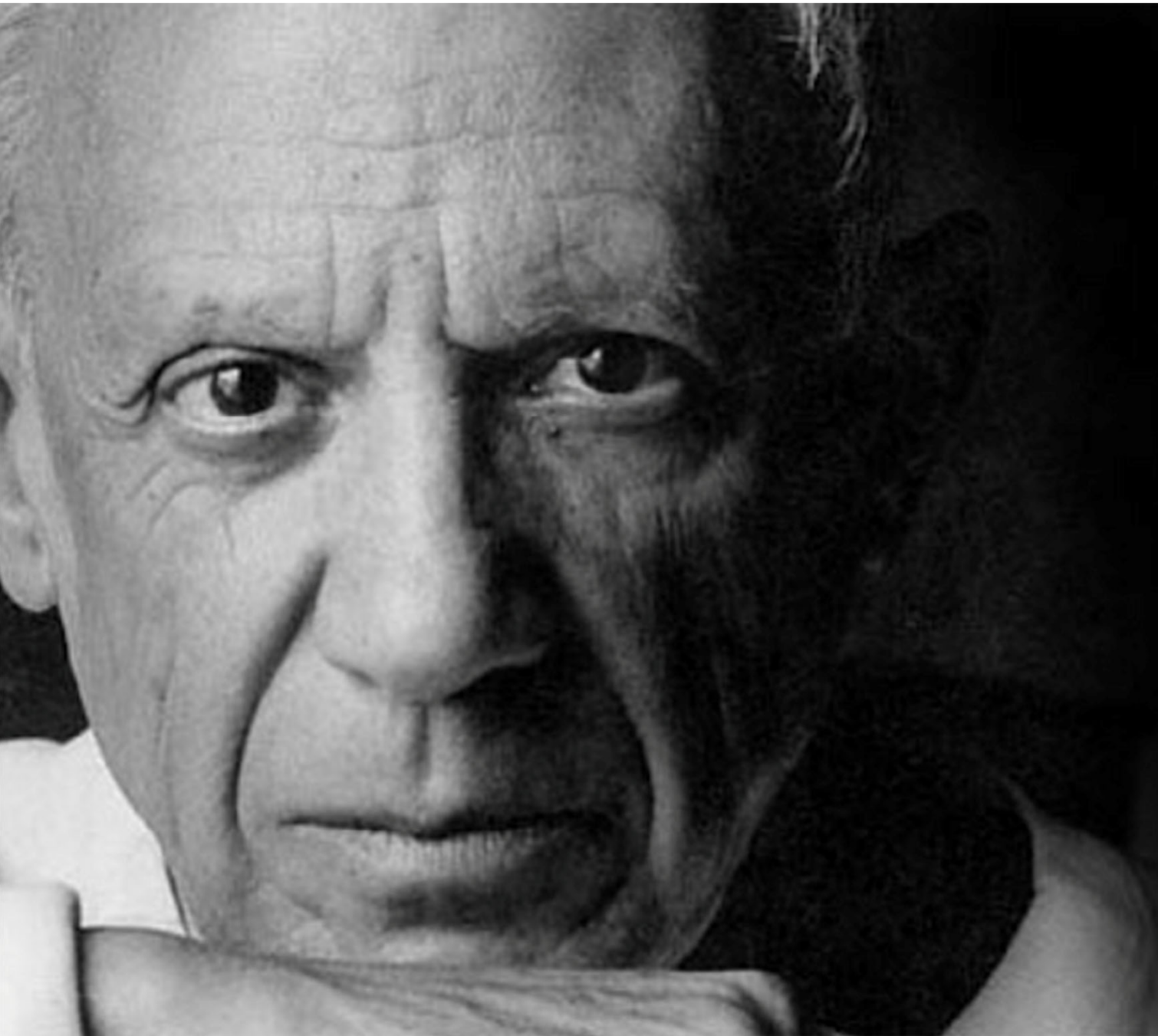
Key Out-Year Assumptions - Expenses

- Staffing returns to 19-20 levels
 - **assumes resuming a traditional in-person teaching & learning model*
- Current salary schedule & ranges
 - Additional step for step & column employees
 - 2.5% increase for range employees
- Same benefits structure with a 7% increase
- STRS: 21-22 (15.92%) & 22-23 (18.4%)
- 4000 & 5000 series assume similar expenditure levels in 19-20 (pre-COVID)

Next Steps

Future Planning

- Out-year projections & planning will remain challenging with many unknowns. The finance committee, student success committee, and leadership team will continue to keep the following items in mind as budget scenarios and the LCAP are created for the upcoming school & fiscal year:
 - 100% return to on-site learning
 - Full or partial blended learning programs
 - Enrollment projections & maximum class sizes allowed
 - After school programming
 - Programs to address learning loss & accelerated learning
 - State Aid deferrals
 - LCFF funding levels
 - One-time revenue
 - Vaccine availability



*Our goals can only be
reached through the
vehicle of a plan. There
is no other route to
success.*

–Pablo Picasso