



2nd Interim Report

Presented by Stacie Ivery

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Agenda

- 2nd Interim Components
 - Positive Certification
- Actuals to Date
- Multi-Year Projections
- One-time Funding
- 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 1st Interim approved budget as of December 15, 2020
 - (Column 2): Actual year to date revenue & expenses from July 1, 2020 – January 31, 2021
 - (Column 3): An updated budget/forecast for the 20-21 fiscal year
- If Column 2 is ~53% 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 second 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 \$148.4K at 2 nd Interim with an ending fund balance of \$2.12M <i>(40% of expenses)</i>
Fiscally Solvent in 2 Out-years (MYP)		Deficit funding is projected in out-years (22-23) 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 \$2.87M, 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 -\$33.2K at 2 nd 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. 87M, which includes deferrals & the assumption of repaying the PPP Loan beginning in April 2021</i>

Actual Year to Date (YTD) Revenue & Expenses

July 1, 2020 – Jan 31, 2021

2020-21 AoA Cash Flow

Actual YTD & Forecast

	Jul Actual	Aug Actual	Sep Actual	Oct Actual	Nov Actual	Dec Actual	Jan Actual	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	\$ 3,769,471	\$ 3,739,918	\$ 3,900,073	\$ 4,158,075	\$ 3,693,032	\$ 3,525,203	\$ 3,213,573	\$ 2,755,631		
Revenue														
8011 Charter Schools LCFF - State Aid	-	167,720	167,720	301,897	301,897	301,897	301,897	301,898	137,495	67,329	67,329	67,329	3,173,869	989,462
8012 Education Protection Account Entitlement	-	-	-	233,516	-	-	233,515	-	-	193,810	-	-	881,121	220,280
8096 Charter Schools in Lieu of Property Taxes	-	-	136,669	175,333	280,231	182,225	182,225	367,502	415,211	207,605	207,605	207,605	2,569,818	207,605
Federal Income	-	-	354,676	-	-	62,161	48,925	(187,741)	115,501	46,028	56,099	115,501	741,298	130,149
Other State Income	-	-	98,399	38,195	50,473	47,745	79,672	48,097	39,380	37,463	74,889	39,380	791,392	237,699
Local Revenues	5,366	-	55	4,785	1,228	6,828	2,339	(971)	5,643	1,943	1,943	670,562	699,719	-
Fundraising and Grants	846	617	320	90	295	-	815	31,516	12,250	2,500	2,500	12,250	64,000	-
Total Revenue	6,213	168,337	757,839	753,816	634,124	600,856	849,388	560,301	725,479	556,678	410,365	1,112,626	8,921,217	1,785,195
Expenses														
Compensation & Benefits	198,832	494,607	526,845	525,623	538,632	541,246	539,516	600,795	597,579	597,579	597,579	642,579	6,401,410	-
Books & Supplies	15,093	5,652	230,193	27,494	19,076	5,438	19,635	137,964	90,774	90,774	90,774	90,774	823,640	-
Services & Other Operating Expenses	67,191	23,982	102,349	50,035	112,171	18,625	116,142	320,387	238,758	146,962	146,962	231,523	1,575,087	-
Capital Outlay	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenses	281,116	524,241	859,387	603,152	669,879	565,309	675,293	1,059,146	927,110	835,314	835,314	964,875	8,800,138	-
Operating Cash Inflow (Outflow)	(274,904)	(355,904)	(101,548)	150,664	(35,755)	35,548	174,095	(498,845)	(201,631)	(278,636)	(424,950)	147,751	121,079	1,785,195
Revenues - Prior Year Accruals	899,173	323,570	606	32,446	-	5,134	43,739	26,766	26,766	26,766	26,766	26,766	-	-
Expenses - Prior Year Accruals	-	-	-	-	-	-	-	(1)	-	-	-	-	-	-
Accounts Receivable - Current Year	-	2,928	2,494	646	117	117	117	-	-	-	-	-	-	-
Accounts Payable - Current Year	8,746	27,875	(97,270)	(123,509)	(10,058)	102,598	23,895	-	-	-	-	-	-	-
Summerholdback for Teachers	(146,942)	16,794	16,298	15,328	16,143	16,759	16,156	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	3,769,471	3,739,918	3,900,073	4,158,075	3,693,032	3,525,203	3,213,573	2,755,631	2,870,388		

- Ending cash is projected to be \$2.87M in June 2021
- PPP Loan repayment, if not forgiven, will begin in April 2021 (currently \$1.18M of available cash)
- Accounts receivable is projected to be \$1.78M at year end, 55% 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	1,808,742	4,026,027	4,026,535	508	2,217,793	45%
Federal Revenue	296,594	470,764	470,764	-	174,170	63%
Other State Revenues	211,135	527,123	527,123	-	315,989	40%
Local Revenues	18,717	421,394	425,210	3,816	406,493	4%
Fundraising and Grants	2,695	33,000	39,000	6,000	36,305	7%
Total Revenue	2,337,882	5,478,308	5,488,632	10,324	3,150,750	43%
Expenses						
Compensation and Benefits	2,042,475	3,907,025	3,907,025	-	1,864,550	52%
Books and Supplies	185,033	490,200	490,200	-	305,167	38%
Services and Other Operating Expenditures	306,258	954,967	942,982	11,985	636,724	32%
Depreciation	-	-	-	-	-	-
Total Expenses	2,533,766	5,352,191	5,340,206	11,985	2,806,441	47%
Operating Income	(195,884)	126,117	148,426	22,308	344,309	
Fund Balance						
Beginning Balance (Unaudited)		2,187,215	2,187,215			
Audit Adjustment		(2,963)	(216,968)			
Beginning Balance (Audited)		2,184,252	1,970,247			
Operating Income		126,117	148,426			
Ending Fund Balance		2,310,369	2,118,673			

- The “Previous Month’s Forecast” represents the 1st Interim Budget presented in December 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	1,158,000	2,598,273	2,598,273	-	1,440,273	45%
Federal Revenue	169,168	270,534	270,534	-	101,366	63%
Other State Revenues	103,350	264,269	264,269	-	160,919	39%
Local Revenues	1,884	273,472	274,509	1,037	272,625	1%
Fundraising and Grants	289	31,000	25,000	(6,000)	24,711	1%
Total Revenue	1,432,691	3,437,547	3,432,584	(4,963)	1,999,894	42%
Expenses						
Compensation and Benefits	1,322,827	2,494,386	2,494,386	-	1,171,559	53%
Books and Supplies	137,548	333,440	333,440	-	195,892	41%
Services and Other Operating Expenditures	184,237	640,105	632,105	8,000	447,868	29%
Depreciation	-	5,858	5,858	-	5,858	0%
Total Expenses	1,644,612	3,473,789	3,465,789	8,000	1,821,177	47%
Operating Income	(211,922)	(36,242)	(33,204)	3,037	178,717	
Fund Balance						
Beginning Balance (Unaudited)		1,158,869	1,158,869			
Audit Adjustment		(27,279)	(27,279)			
Beginning Balance (Audited)		1,131,590	1,131,590			
Operating Income		(36,242)	(33,204)			
Ending Fund Balance		1,095,349	1,098,386			

- The “Previous Month’s Forecast” represents the 1st Interim Budget presented in December 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	4,026,535	3,733,803	3,864,187
Federal Revenue	470,764	399,316	172,623
Other State Revenues	527,123	469,699	476,404
Local Revenues	425,210	409,990	495,054
Fundraising and Grants	39,000	37,800	39,429
Total Revenue	5,488,632	5,050,608	5,047,697
Expenses			
Compensation and Benefits	3,907,025	3,834,912	3,977,312
Books and Supplies	490,200	372,486	385,033
Services and Other Operating Expenditures	942,982	795,836	830,398
Depreciation	-	-	-
Total Expenses	5,340,206	5,003,235	5,192,744
Operating Income	148,426	47,374	(145,047)
Fund Balance			
Beginning Balance (Unaudited)	2,187,215	2,118,673	2,166,046
Audit Adjustment	(216,968)	-	-
Beginning Balance (Audited)	1,970,247	2,118,673	2,166,046
Operating Income	148,426	47,374	(145,047)
Ending Fund Balance	2,118,673	2,166,046	2,021,000
Ending Fund Balance as a % of Expense	40%	43%	39%

REVENUE:

- While funding levels are projected to remain steady, LCFF funding is projected to decrease by \$292.7K 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.*
- One-time funds will cross multiple fiscal years, but will most likely end in Sept 2023.

EXPENSES:

- Compensation & Benefits were only decreased by 1.88% (\$72K), while revenue decreased by 8.67% (\$438K)
- 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	2,674,519	2,760,264
Federal Revenue	270,534	187,336	111,521
Other State Revenues	264,269	247,358	252,115
Local Revenues	274,509	426,482	530,132
Fundraising and Grants	25,000	26,200	26,371
Total Revenue	3,432,584	3,561,895	3,680,403
Expenses			
Compensation and Benefits	2,494,386	2,514,376	2,569,962
Books and Supplies	333,440	264,344	270,842
Services and Other Operating Expenditures	632,105	593,815	600,832
Depreciation	5,858	5,858	5,858
Total Expenses	3,465,789	3,378,392	3,447,494
Operating Income	(33,204)	183,503	232,910
Fund Balance			
Beginning Balance (Unaudited)	1,158,869	1,098,386	1,281,889
Audit Adjustment	(27,279)	-	-
Beginning Balance (Audited)	1,131,590	1,098,386	1,281,889
Operating Income	(33,204)	183,503	232,910
Ending Fund Balance	1,098,386	1,281,889	1,514,799
Ending Fund Balance as a % of Expense	32%	38%	44%

REVENUE:

- Unlike the middle school, the elementary is projected to have increased funding in out-years.
- Loss of one-time funds in out years was replaced with the assumption of rebuilding after-school program revenue.
 - **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 decreased 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 in 22-23
- Increase of After School Revenue
 - Middle School – \$30.9K (21-22) & \$115.1K (22-23)
 - Elementary School - \$143.3K (21-22) & \$246.6K (22-23)

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)

One-Time Funding

**Financial Tetris*



The Budget



One-Time Funds 20-21 & 21-22

Funding	Spending Timeline	Middle School	Elementary School
ESSER I (Res. 3210)	3/13/20 - 9/30/22	\$63,693	\$30,417
GEER (Res. 3215)	3/13/20 - 9/30/22	\$24,841	\$10,580
CRF (Res. 3220)	3/13/20 - 12/31/21	\$209,468	\$121,684
SB 117 (Res. 7388)	n/a	\$7,970	\$4,967
LLM (Res. 7420)	3/13/20 - 6/30/21	\$33,899	\$22,062
ESSER II (Res. ???)	3/13/20 - 9/30/23	\$228,488	\$78,068
IPIG (Res. ???)	2/16/21 - 12/31/21	\$224,735	\$147,510
LLM II - Extended (Res. ???)	???	???	???
TOTAL		\$793,094	\$415,288

Other Restricted Funding

Program	Uses
Special Education	SPED Services
Educationally Related Mental Health Services (ERMHS)	Mental health and SEL services for SPED students and GenEd students
Title I	Services for FRE students
Title II	Professional development
Title III	Services for ELL students
Title IV	Flexible, including mental health services
ASES	MS After School services
Supplemental LCFF Funding	Services for UPP students

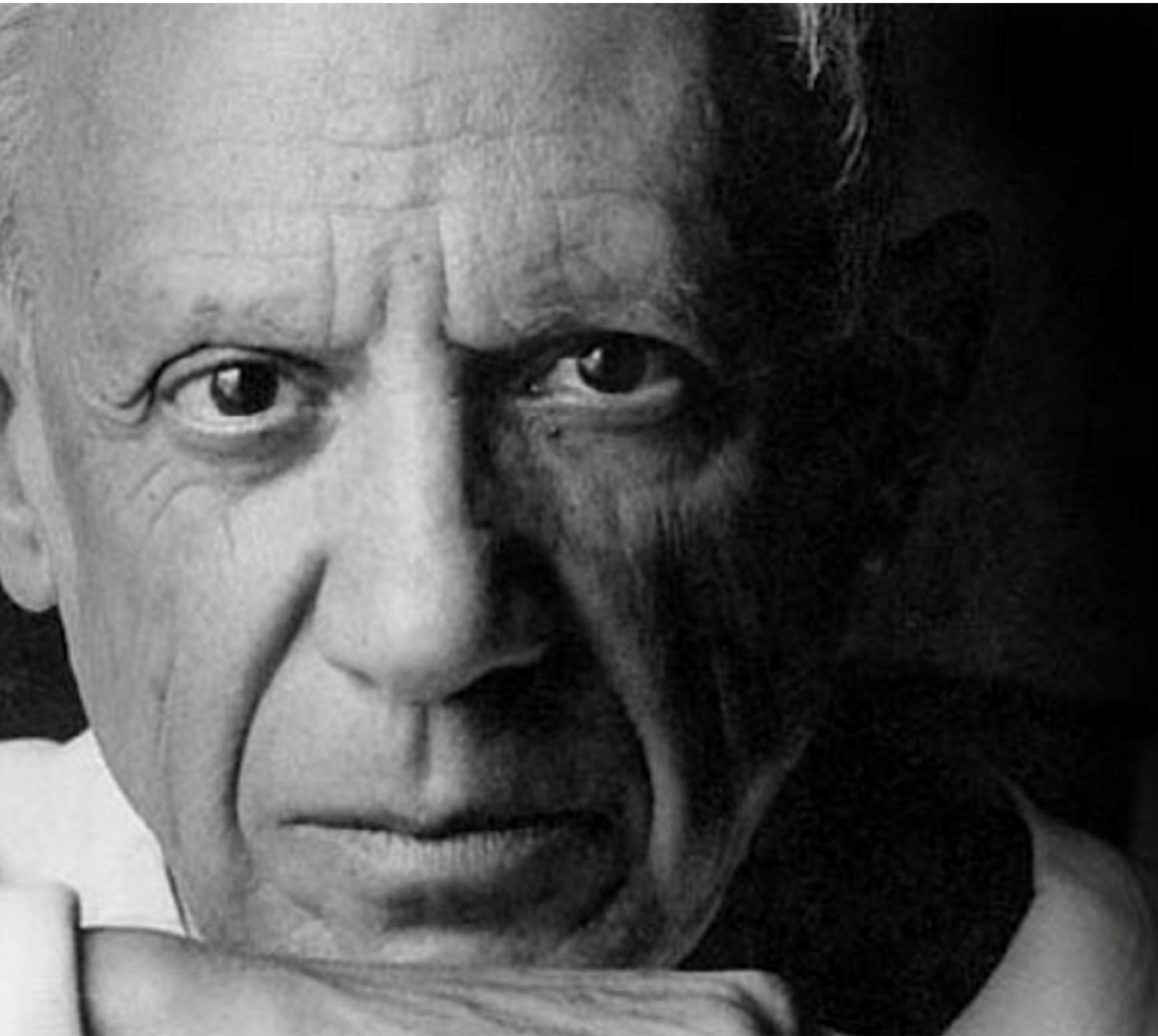
One-Time Funds Strategy

- Due to the decrease in funding during the 21-22 fiscal year, the Director of Finance is recommending the following:
 - Use the ESSER II funds during the 21-22 fiscal year
 - Apply for the IPIG funds that can be used up until 12/31/21 (*still under debate w/ Gov*)
 - Apply for the LLM II funds that can be used for extended and expanded learning opportunities (*still under debate w/ Gov*)
- The CRF funds were all spent by the 12/31/20 deadline, although it was extended at the last minute to 12/31/21 with the passage of the Coronavirus Response and Relief Supplemental Appropriations (CRRSA). CA will require spending by 5/31/21.

Next Steps

Future Planning (*1st Interim w/ Updates*)

- 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 (*phasing in students soon*)
 - Full or partial blended learning programs (*part of the budgeting process*)
 - Enrollment projections & maximum class sizes allowed (*part of the budgeting process*)
 - After school programming (*part of the budgeting process*)
 - Programs to address learning loss & accelerated learning (*part of the budgeting process*)
 - ✓ State Aid deferrals (*these will most likely end in June 2021*)
 - ✓ LCFF funding levels (*increased funding with a COLA augmentation for 21-22*)
 - One-time revenue (*part of the budgeting process*)
 - ✓ Vaccine availability (*staff are already starting to get vaccinated*)



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

–Pablo Picasso