

El Camino Real Charter High School



2020-2021 BUDGET REVIEW

PROVIDED BY: ICON School Management

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Factors and Uncertainties

1. State Cash Flow makes predicting final numbers very difficult
 - a. Tax Returns due on July 15
 - b. Property Taxes due in November
 - c. Federal Bailout?
2. Governor and Legislators cannot agree on what they want to do.
 - a. Governor wants to do 10% Cut and 3-month deferrals
 - b. Legislators want do no cuts and 7-month deferrals
3. Uncertainty on Categorical Grants
4. COVID-19 still a factor for Attendance
 - a. Distance Learning still on the table for the Fall Semester

State of the Charter

1. Years of strong Fiscal Management by the Board of Directors has:
 - a. Allowed reserves to hit unprecedented highs of 21% (Charter Schools are required to maintain 3 to 5%)
 - b. \$2.64M Cash put into OPEB Funding during 2019-2020
 - c. Days of Cash on Hand: 72 (Approximately more than 2 months)
2. Strong Educational Program
 - a. Continued success with 96% ADA to Enrollment Rate.

19-20 Estimated Actuals

1. Net Income or Loss?

- a. Net Income estimated of \$2,122,142
- b. Net Income in 18-19 - \$939,472

2. Why so high?

- a. Charter was able to maintain relatively low expenses since revenue and expenses had been consistent in the past. This allowed more reserves to be built.

20-21 Adopted Budget

1. Assumptions:

- a. Increased Enrollment
- b. Every Employee moved down the Salary Schedule (except those that did not meet their one-year mark).
- c. STRS Rate is at 16.15% (almost 2% savings from what is projected to be)
- d. 145 FTE Teachers

2. Revenue:

- a. LCFF at a 10% drop from prior year.
- b. Categorical Revenues (Other State and Federal Programs) assumed to drop 15%

20-21 Adopted Budget (Cont.)

2. Revenue:

- a. Local Revenue down:
 - i. Interest rates are down for all banks and CD and Investments that mature are going to be held and not re-invested in long-term investments.

3. Expenditures:

- a. Reviewed all Personnel with HR Team and wages and Salary Schedules. Determined who was going to move to what step and who took STRS/PERS and Health Insurance.
- b. Pulled all expenses by Vendor and analyzed Vendor by Vendor with Client for anywhere we could find cost savings.

20-21 Adopted Budget (Cont.)

4. What does this all mean?

- a. Net Income for 20-21 in the amount of \$278,896. Very conservative number.
- b. Charter will continue to maintain fiscal solvency during a year of so many unknowns.

Cash and Investments

- Cash is expected to drop due to three months of deferrals during 2020-2021 fiscal year. These deferrals will account for 20% of the Charter's Total Fiscal Year Revenue.
- In order to ensure Cash does not get too low, the Charter has \$7M of Investments that can be converted to Cash on Hand should the need arise.

For the Future

- With El Camino Real looking to come out ahead for the 20-21 fiscal year it is possible that the Charter will continue to build its reserves. Ultimate goal would be to get up to 120 days of cash on hand in order to not have to call in investments.
- Any facility projects that may need to be done; it is possible that costs will be lower due to the recession.
- Renegotiate with Vendors for better costs and better rates