

# El Camino Real Charter High School

March 2017 Financials  
&  
2017-18 Preliminary Budget



© EdTec, Inc. 2017

May 17, 2017

Chang Patel & Milada Rakijian

# Financial Presentation Agenda



- March 2017 Financial Update
  - Current Forecast
  - YTD Actuals vs. YTD Budget
  - Cash Flow Projection
  - Balance Sheet
- 2017-18 Preliminary Budget

# March 2017 Financial Update

# Current Forecast: March 2017 Update

Operating income including depreciation is projected to be \$1.1M,  
a \$1.78M decrease compared to the previous forecast.



|                        | Approved Budget | Previous Month's Forecast | Current Forecast | Variance (Previous vs. Current Forecast) | Variance Budget vs. Current Forecast) |
|------------------------|-----------------|---------------------------|------------------|--|---------------------------------------|
| Revenue                | 35,847,716      | 36,848,038                | 36,527,209       | (320,829)                                | 679,493                               |
| Expenses               | 35,283,279      | 33,955,887                | 35,413,290       | (1,457,403)                              | (130,011)                             |
| Net Income             | 564,437         | 2,892,151                 | 1,113,919        | (1,778,232)                              | 549,483                               |
| Beginning Fund Balance | 17,194,987      | 17,194,987                | 17,194,987       |  |                                       |
| Audit Adjustment       | -               | 962,376                   | 962,376          |  |                                       |
| Ending Fund Balance    | 17,759,423      | 21,049,514                | 19,271,282       |  |                                       |

# Current Revenue Forecast: March 2017 Update

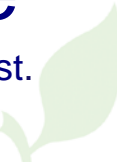
The revenue forecast is \$36.5M, an decrease of \$321K when compared to the previous month's forecast.



| Revenue Summary               | Previous Month's Forecast | Current Forecast     | Variance (Previous vs. Current Forecast) | Notes   |
|-------------------------------|---------------------------|----------------------|--|---|
| <b>LCFF Entitlement</b>       | \$ 30,386,911             | \$ 30,008,569        | (\$378,342)                              | <ul style="list-style-type: none"> <li>Updated ADA to match P2, 3386.70 (down from 3429.40); decrease of 42.70.</li> </ul>  |
| <b>Federal Revenue</b>        | \$ 1,216,658              | \$ 1,211,120         | (\$5,538)                                | <ul style="list-style-type: none"> <li>Fed SPED decreased due to updated ADA</li> <li>Medi-Cal increased to match actuals</li> </ul>  |
| <b>Other State Revenues</b>   | \$ 3,654,208              | \$ 3,622,278         | (\$31,929)                               | <ul style="list-style-type: none"> <li>State SPED and Lottery decreased due to updated ADA</li> <li>State Child Nutrition increased to match actuals</li> </ul>   |
| <b>Local Revenues</b>         | \$ 1,590,261              | \$ 1,685,242         | \$94,980                                 | <ul style="list-style-type: none"> <li>Increase in Other Local Revenue – to match actuals +\$77k general operations, AP testing &amp; student store</li> <li>Increase in Food Service Sales to match actuals (+\$16k)</li> <li>Increased interest to match actuals (+\$2k)</li> </ul> |
| <b>Fundraising and Grants</b> | \$ -                      | \$ -                 | \$ -                                     | <ul style="list-style-type: none"> <li>No change</li> </ul>   |
| <b>Total Revenue</b>          | <b>\$ 36,848,038</b>      | <b>\$ 36,527,209</b> | <b>(\$320,829)</b>                       |   |

# Current Expense Forecast: March 2017 Update

The expense forecast is \$35M, an increase of \$1.46M when compared to the previous month's forecast.

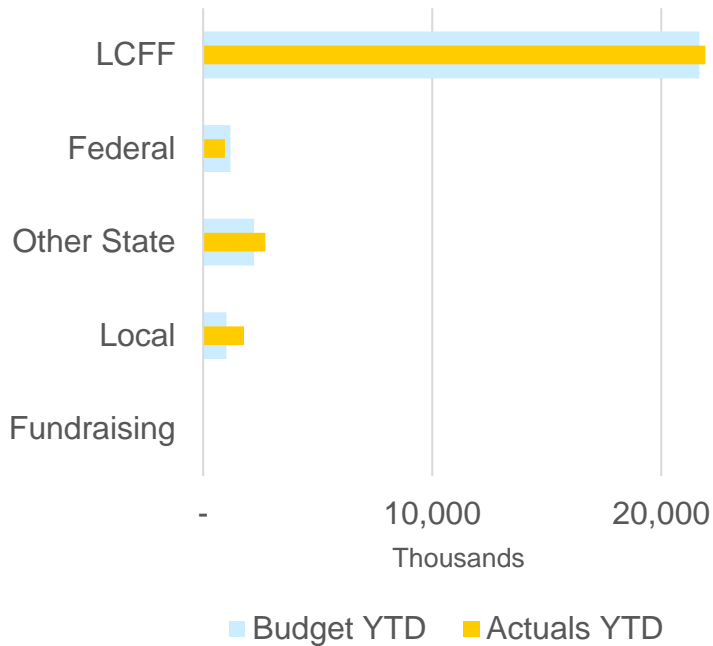


| Expense Summary                                  | Previous Month's Forecast | Current Forecast     | Variance (Previous vs. Current Forecast) | Notes   |
|--|---------------------------|----------------------|--|---|
| <b>Compensation and Benefits</b>                 | \$ 26,132,918             | \$ 27,032,918        | (\$ 900,000)                             | <ul style="list-style-type: none"> <li>Increased retiree benefits by \$900k; \$2.1M total for 16-17</li> <li>71% of forecast spent.</li> </ul>  |
| <b>Books and Supplies</b>                        | \$ 2,558,729              | \$ 3,023,729         | (\$ 465,000)                             | <ul style="list-style-type: none"> <li>Increased Non-Cap Equipment by \$465k for tech budget</li> <li>37% of forecast spent.</li> </ul>   |
| <b>Services and Other Operating Expenditures</b> | \$ 5,122,818              | \$ 5,213,221         | (\$ 92,403)                              | <ul style="list-style-type: none"> <li>Increased Instructional Consultants to actuals</li> <li>Increased Dues &amp; Memberships to actuals</li> <li>Increased Licenses &amp; fees to actuals</li> <li>Increased PY Exp per actuals</li> <li>Decreased ADA dependent expenses due to updated ADA; District Oversight and SPED encroachment</li> <li>69% of forecast spent</li> </ul> |
| <b>Depreciation</b>                              | \$ 143,422                | \$ 143,422           | \$ -                                     | <ul style="list-style-type: none"> <li>No change</li> </ul>   |
| <b>Total Expenses</b>                            | <b>\$ 33,957,887</b>      | <b>\$ 35,413,290</b> | <b>(\$ 1,457,403)</b>                    |   |

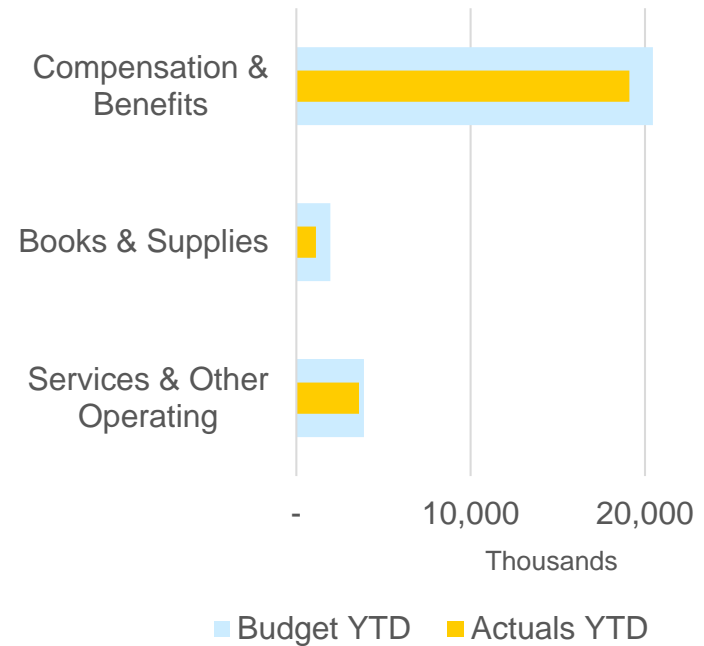
# YTD Actuals vs YTD Budget: March 2017 Update

Revenues tracking ahead of budget by \$1.2M while expenses tracking behind budget by \$2.4M

## Revenues



## Expenditures

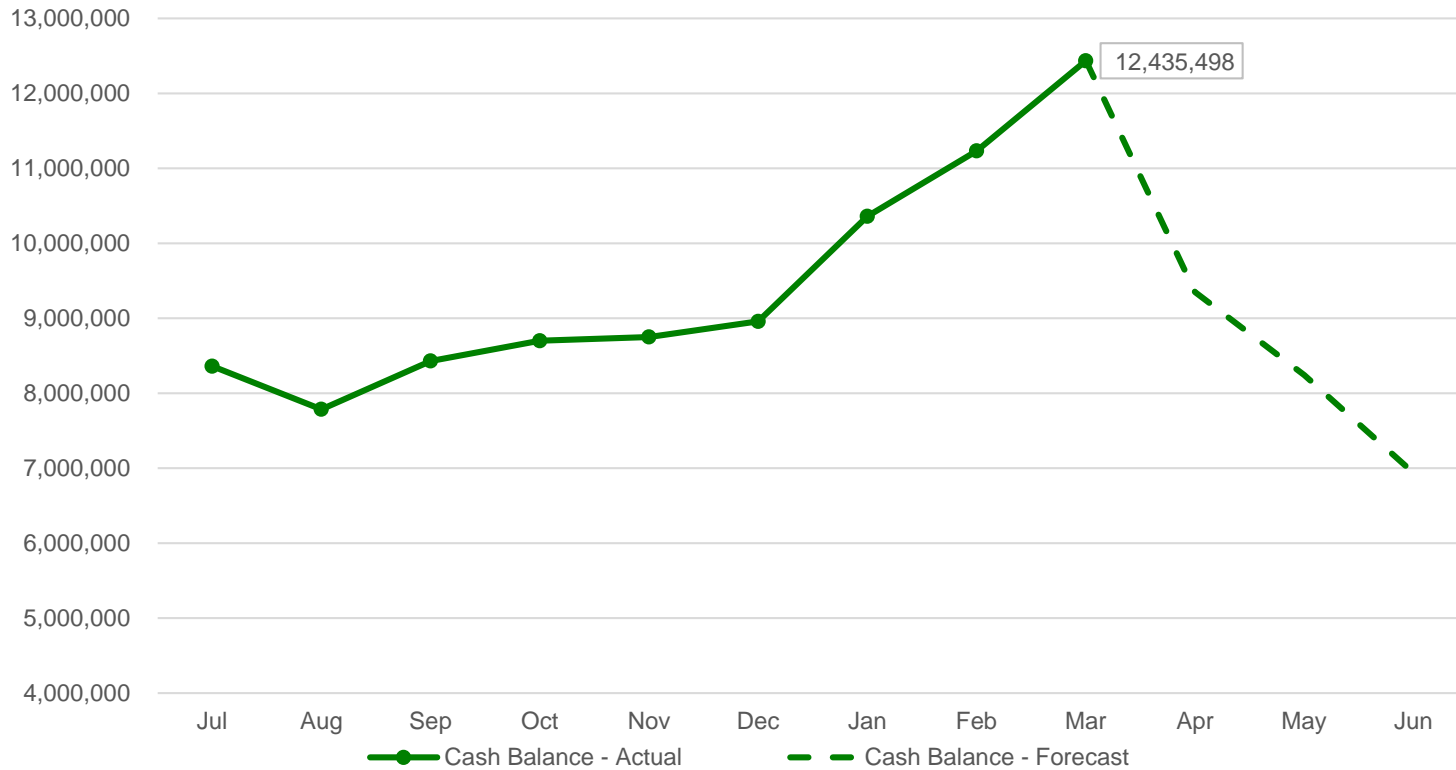


# 2016-17 Cash Flow Projection

Healthy ending cash balances for the rest of the year



2016/17 Cash Projections





# Balance Sheet

Balances as of March 31, 2017



|                                       | 3/31/2017         | 6/30/2016         | YTD Change       |
|---------------------------------------|-------------------|-------------------|------------------|
| <b>Assets</b>                         |                   |                   |                  |
| Cash Balances                         | \$ 12,435,498     | \$ 7,481,424      | \$ 4,954,074     |
| Accounts Receivable                   | \$ 310,217        | \$ 3,305,922      | (2,995,705)      |
| Prepays and Other Assets              | \$ 793            | \$ 371,574        | (370,781)        |
| Fixed Assets, Net                     | \$ 4,154,652      | \$ 4,061,608      | 93,045           |
| Investments                           | \$ 5,584,397      | \$ 5,195,254      | 389,143          |
| Due to/from other                     | \$ -              | \$ -              | -                |
| <b>Total Assets</b>                   | <b>22,485,557</b> | <b>20,415,781</b> | <b>2,069,777</b> |
| <b>Liabilities &amp; Equity</b>       |                   |                   |                  |
| Accrued Expenses                      | \$ 363,234        | \$ 1,192,174      | \$ (828,939)     |
| Due to Grantor Governments/Others     | \$ 278,715        | \$ 215,256        | 63,459           |
| OPEB Liability                        | \$ -              | \$ -              | -                |
| Deferred Revenue                      | \$ 138,500        | \$ 850,988        | (712,488)        |
| Loans and other payables              | \$ -              | \$ -              | -                |
| Beginning Net Assets - Audited        | \$ 18,157,363     | \$ 14,357,676     | 3,799,687        |
| Other Restatements                    | \$ -              | \$ -              | -                |
| Net Income (Loss) to Date             | \$ 3,547,745      | \$ 3,799,687      | (251,941)        |
| <b>Total Liabilities &amp; Equity</b> | <b>22,485,557</b> | <b>20,415,781</b> | <b>2,069,777</b> |

- \$12M cash balance as of 3/31/2017
- \$285K remaining in 16-17
  - Prop tax and EPA due from district - P1 PA adjustment
- \$25K remaining in 15-16 receivables
  - \$23K in Child Nutrition
  - \$2k Title II
- \$363k remaining in accrued expenses
  - \$250k State aid due to county – P1 PA adjustment
  - \$56k - 15-16 Miguel Leonis rent
- \$229k in Temporarily Restricted
  - \$229k – Educator Effectiveness
- \$21.7M fund balance as of 3/31/2017

# 2017-18 Preliminary Budget

# 2017-18 Preliminary Budget

2017-18 budget projects positive net income of \$1.48M and fund balance of \$20.7M

|   |   | 2016/17           | 2016/17           | 2017/18            |
|---|---|-------------------|-------------------|--------------------|
|   |   | Approved Budget   | Current Forecast  | Preliminary Budget |
| <b>SUMMARY</b>                                      |   |                   |                   |                    |
| <b>Revenue</b>                                      |   |                   |                   |                    |
|   | LCFF Entitlement                          | 30,894,433        | 30,008,569        | 31,577,783         |
|   | Federal Revenue                           | 1,082,894         | 1,211,120         | 1,187,273          |
|   | Other State Revenues                      | 2,706,821         | 3,622,278         | 3,610,369          |
|   | Local Revenues                            | 1,113,567         | 1,685,242         | 1,039,143          |
|   | Fundraising and Grants                    | 50,000            | -                 | -                  |
|   | <b>Total Revenue</b>                      | <b>35,847,716</b> | <b>36,527,209</b> | <b>37,414,568</b>  |
| <b>Expenses</b>                                     |   |                   |                   |                    |
|   | Compensation and Benefits                 | 27,341,723        | 27,032,918        | 27,525,834         |
|   | Books and Supplies                        | 2,477,513         | 3,023,729         | 2,853,284          |
|   | Services and Other Operating Expenditures | 5,225,762         | 5,213,221         | 5,044,344          |
|   | Depreciation                              | 238,280           | 143,422           | 513,159            |
|   | <b>Total Expenses</b>                     | <b>35,283,279</b> | <b>35,413,290</b> | <b>35,936,620</b>  |
| <b>Operating Income</b>                             |   | <b>564,437</b>    | <b>1,113,919</b>  | <b>1,477,948</b>   |
| <b>Fund Balance</b>                                 |   |                   |                   |                    |
|   | Beginning Balance (Unaudited)             | 17,194,987        | 17,194,987        | 19,271,282         |
|   | Audit Adjustment                          | -                 | 962,376           | -                  |
|   | Beginning Balance (Audited)               | 17,194,987        | 18,157,363        | 19,271,282         |
|   | Operating Income                          | 564,437           | 1,113,919         | 1,477,948          |
| <b>Ending Fund Balance (including Depreciation)</b> |   | <b>17,759,424</b> | <b>19,271,282</b> | <b>20,749,230</b>  |
| <b>Ending Fund Balance as a % of Expenses</b>       |   | <b>50%</b>        | <b>54%</b>        | <b>58%</b>         |
| <b>Capital Outlay</b>                               |   | <b>300,000</b>    | <b>640,226</b>    | <b>1,580,000</b>   |

# Local Control Funding Formula (LCFF)

## Review of LCFF calculation



**LCFF “Floor”**  
**= \$8,861 / ADA**  
(~2016-17  
Funding Level)



LCFF Gap Closure: 23.67%

This implementation %  
informs “transition funding”  
level each year

**LCFF “Target”**  
**= \$10,142 / ADA**

- 1 Base Rates, COLA adj.
- 2 Grade Span “bonus”
- 3 20% Supplemental for Unduplicated
- 4 50% Concentration for 55%+ Unduplicated

# FY17-FY19 LCFF Rates

Revenue projections heavily dependent on state budget;  
Current expectation of 23.67% LCFF implementation in FY17-18



| LCFF Implementation              |         |         |         |         |
|----------------------------------|---------|---------|---------|---------|
|                                  | CY      | Y1      | Y2      | Y3      |
|                                  | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Implementation % Towards Goal    | 55.28%  | 23.67%  | 53.85%  | 68.94%  |
| Total Effective Implementation % | 87.0%   | 90.0%   | 95.4%   | 98.6%   |
| Rate / ADA                       | 8,861   | 8,984   | 9,334   | 9,709   |



Green colored % are projected by FCMAT (Fiscal Crisis & Management Assistance Team) through analysis of Governor's January budget proposal

# Enrollment & LCFF Drivers

Enrollment and ADA, as well as Unduplicated Count,  
will be biggest drivers of revenue



|  | 2016-17 | 2017-18 | Variance |
|--|---------|---------|----------|
| Enrollment<br>Excl. exchange<br>students | 3515    | 3700    | 185      |
| Attendance Rate                          | 96.40%  | 95%     | -1.40%   |
| ADA                                      | 3386.7  | 3515    | 128.3    |
| Unduplicated Count                       | 978     | 1017    | 39       |

# Other Revenue Sources

Conservative revenue projections include no expected growth for Special Education or Lottery



|                             | 2016-17   | 2017-18   | Variance  | % Change |
|-----------------------------|-----------|-----------|-----------|----------|
| Fed Special Ed              | 653,125   | 677,868   | 24,743    | 4%       |
| Title I                     | 228,023   | 225,287   | (2,736)   | -1%      |
| Title II                    | 5,579     | 30,000    | 24,421    | 438%     |
| State Special Ed            | 1,907,119 | 1,979,367 | 72,248    | 4%       |
| Mandated Cost Reimbursement | 914,973   | 142,241   | (772,732) | -84%     |
| State Lottery               | 640,086   | 664,335   | 24,249    | 4%       |
| International Program       | 1,000,000 | 1,000,000 | -         | 0%       |

# Expense Overview

Largest increase in capital expenditures for Prop 39E project; 55% expected reimbursement



|                                | 2016-17    | 2017-18    | Variance  | % Change | % Budget |
|--------------------------------|------------|------------|-----------|----------|----------|
| Compensation                   | 18,387,248 | 18,880,010 | 492,762   | 3%       | 51%      |
| Benefits                       | 8,645,670  | 8,645,824  | 154       | 0%       | 23%      |
| Books & Supplies               | 3,023,729  | 2,853,284  | (170,445) | -6%      | 8%       |
| Services & Other Operating Exp | 5,213,221  | 5,044,344  | (168,877) | -3%      | 14%      |
| Capital Outlay                 | 640,226    | 1,580,000  | 939,774   | 147%     | 4%       |