

El Camino Real Charter High School

**April & May 2017 Financials
&
2017-18 Budget Proposal**

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Business and Development Specialists
for Charter Schools

June 28, 2017

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Financial Presentation Agenda



- April & May 2017 Financial Update
 - Current Forecast
 - YTD Actuals vs. YTD Budget
 - Cash Flow Projection
 - Balance Sheet
- State Budget Update
- 2017-18 Budget Proposal



April & May 2017 Financial Update

Current Forecast: April & May 2017 Update

Operating income including depreciation is projected to be \$1.1M,
a \$35k increase 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	36,527,209	36,832,317	305,108	984,601
Expenses	35,283,279	35,413,290	35,683,685	(270,395)	(400,406)
Net Income	564,437	1,113,919	1,148,632	34,712	584,195
Beginning Fund Balance	17,194,987	17,194,987	17,194,987		
Audit Adjustment	-	962,376	962,376		
Ending Fund Balance	17,759,423	19,271,282	19,305,995		

Current Revenue Forecast: April & May 2017 Update

The revenue forecast is \$36.8M,
an increase of \$305k when compared to the previous month's forecast.

Revenue Summary	Previous Month's Forecast	Current Forecast	Variance (Previous vs. Current Forecast)	Notes
LCFF Entitlement	\$ 30,008,569	\$ 30,008,398	(\$171)	<ul style="list-style-type: none"> Updated LCFF rates based on May revise; LCFF implementation Rate (55.28% to 55.03%), EPA % (25% to 25.40%) State Aid Prior Year increased to actuals
Federal Revenue	\$ 1,211,120	\$ 1,247,519	\$36,398	<ul style="list-style-type: none"> Child Nutrition increased due to food expense increase Medi-Cal increased to match actuals PY Federal increased – received 15-16 Medi-Cal funds
Other State Revenues	\$ 3,622,278	\$ 3,629,195	\$6,916	<ul style="list-style-type: none"> Child Nutrition increased due to food expense increase Mandate Cost Reimbursement increased to actuals
Local Revenues	\$ 1,685,242	\$ 1,947,206	\$261,964	<ul style="list-style-type: none"> Food service sale increased due to food expense increase and actuals received (+\$71k) Increased interest to match actuals (+\$4k) Increased Fair Value of Investment to match actuals (+\$6k) Increase in Other Local Revenue – to match actuals +\$181k general operations, AP testing, yearbook sales, woodshop, fines/fee & student store
Fundraising and Grants	\$ -	\$ -	\$ -	<ul style="list-style-type: none"> No change
Total Revenue	\$ 36,527,209	\$ 36,832,317	\$305,108	

Current Expense Forecast: April & May 2017 Update

The expense forecast is \$35.7M,
an increase of \$270k when compared to the previous month's forecast.



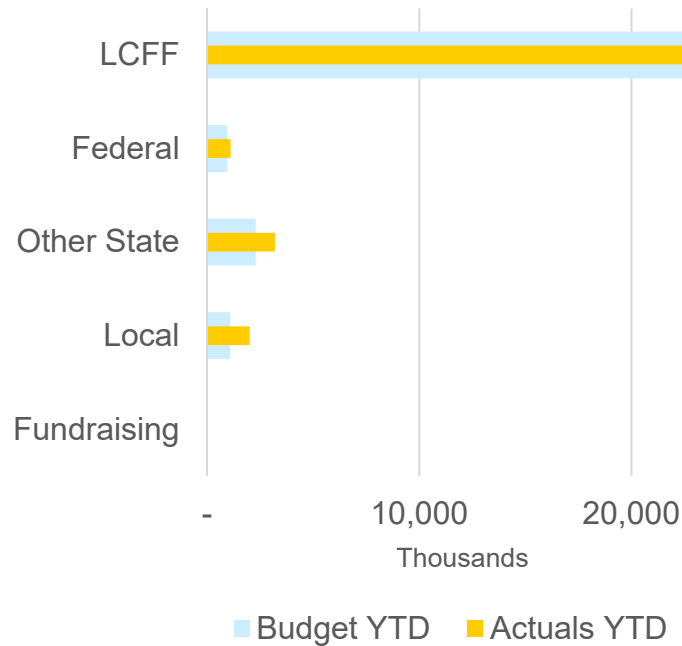
Expense Summary	Previous Month's Forecast	Current Forecast	Variance (Previous vs. Current Forecast)	Notes
Compensation and Benefits	\$ 27,032,918	\$ 26,796,373	\$236,545	<ul style="list-style-type: none"> Decreased stipends based on actuals trend 88% of forecast spent.
Books and Supplies	\$ 3,023,729	\$ 3,078,066	(\$54,337)	<ul style="list-style-type: none"> Increased student food services based on actuals trend 43% of forecast spent.
Services and Other Operating Expenditures	\$ 5,213,221	\$ 5,666,383	(\$453,162)	<ul style="list-style-type: none"> Increased Dues & Memberships, Operations & Housekeeping, Banking, Business Services, Instructional Consultants and PY Exp to actuals Increased Licenses & fees to actuals; 2nd payment (last) of Shoup Property Tax Increased PY Exp per actuals 79% of forecast spent
Depreciation	\$ 143,422	\$ 143,863	\$559	<ul style="list-style-type: none"> Slight adjustment to depreciation calculation
Total Expenses	\$ 35,413,290	\$ 35,683,685	(\$270,395)	

YTD Actuals vs YTD Budget: April & May 2017 Update

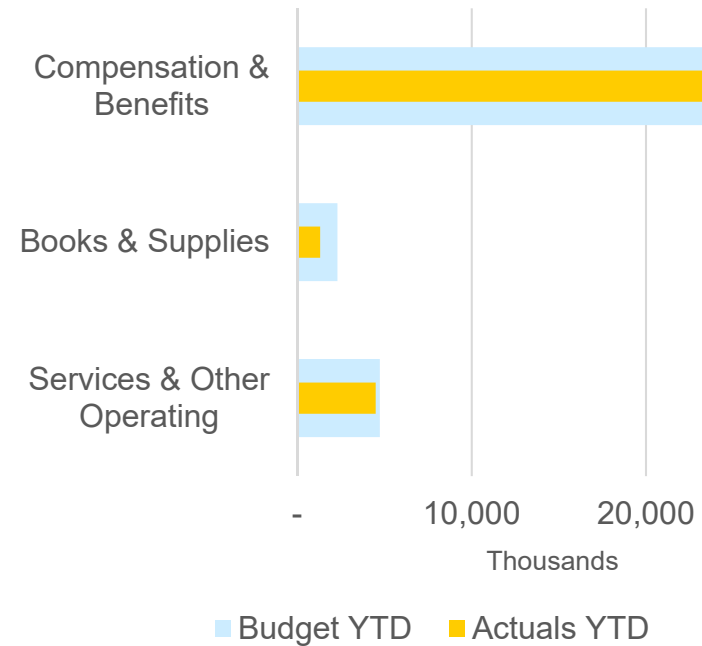
Revenues tracking ahead of budget by \$1.6M
while expenses tracking behind budget by \$2.9M



Revenues



Expenditures

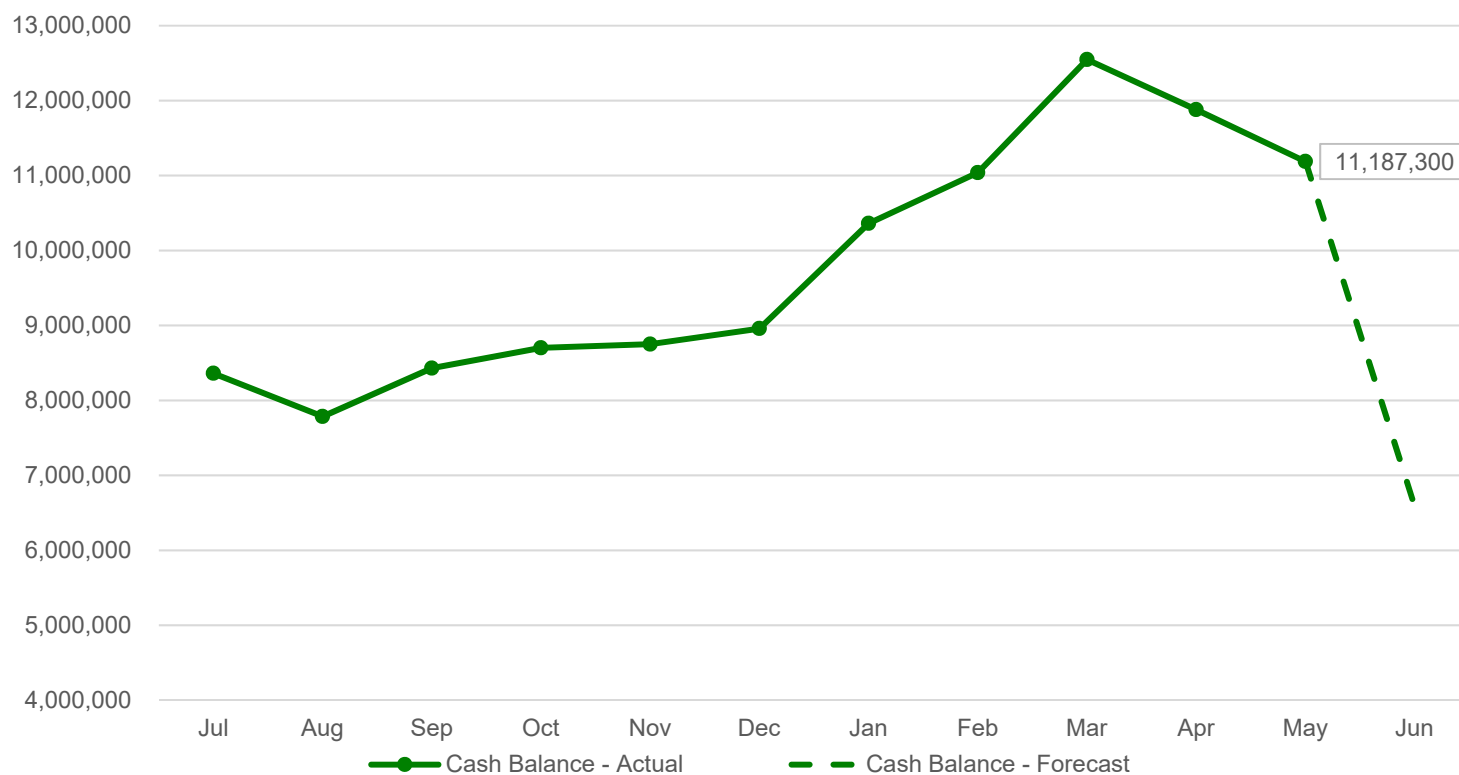


2016-17 Cash Flow Projection

Healthy ending cash balances for the rest of the year



2016/17 Cash Projections



Balance Sheet

Balances as of May 31, 2017



	5/31/2017	6/30/2016	YTD Change
Assets			
Cash Balances	\$ 11,187,300	\$ 7,481,424	\$ 3,705,876
Accounts Receivable	\$ 309,304	\$ 3,305,922	(2,996,617)
Prepays and Other Assets	\$ -	\$ 371,574	(371,574)
Fixed Assets, Net	\$ 4,855,810	\$ 4,061,608	794,202
Investments	\$ 5,762,928	\$ 5,195,254	567,674
Due to/from other	\$ -	\$ -	-
Total Assets	22,115,342	20,415,781	1,699,562
Liabilities & Equity			
Accrued Expenses	\$ 228,229	\$ 1,192,174	\$ (963,945)
Due to Grantor Governments/Others	\$ 254,329	\$ 215,256	39,073
OPEB Liability	\$ -	\$ -	-
Deferred Revenue	\$ 365,500	\$ 850,988	(485,488)
Loans and other payables	\$ -	\$ -	-
Beginning Net Assets - Audited	\$ 18,157,363	\$ 14,357,676	3,799,687
Other Restatements	\$ -	\$ -	-
Net Income (Loss) to Date	\$ 3,109,921	\$ 3,799,687	(689,765)
Total Liabilities & Equity	22,115,342	20,415,781	1,699,562

- \$11M cash balance as of 5/31/2017
- \$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
- \$181k remaining in accrued expenses
 - \$125k State aid due to county – P1 PA adjustment
 - \$56k - 15-16 Miguel Leonis rent
- \$229k in Temporarily Restricted
 - \$229k – Educator Effectiveness
- \$21.2M fund balance as of 5/31/2017



State Budget Update

2017-18 May Budget Revise

Governor's May Revise brings a mix of increased funding projections and increased uncertainty



□ **LCFF**

- Increased Cost of Living Adjustment to 1.56% (up slightly from 1.48%)
- Implementation of 43% of remaining gap towards LCFF target rate
 - Increases LCFF funding for ECRCHS by \$232 per ADA from 2016-17 rate
- Eliminates proposed June deferral this year

□ **One-time Funding**

- Potential one-time funding of \$145 per prior year ADA

□ **Other Budget Items**

- State still evaluating funding for special education and impact of any potential change in federal funds



2017-18 Budget Proposal

2017-18 Budget Proposal

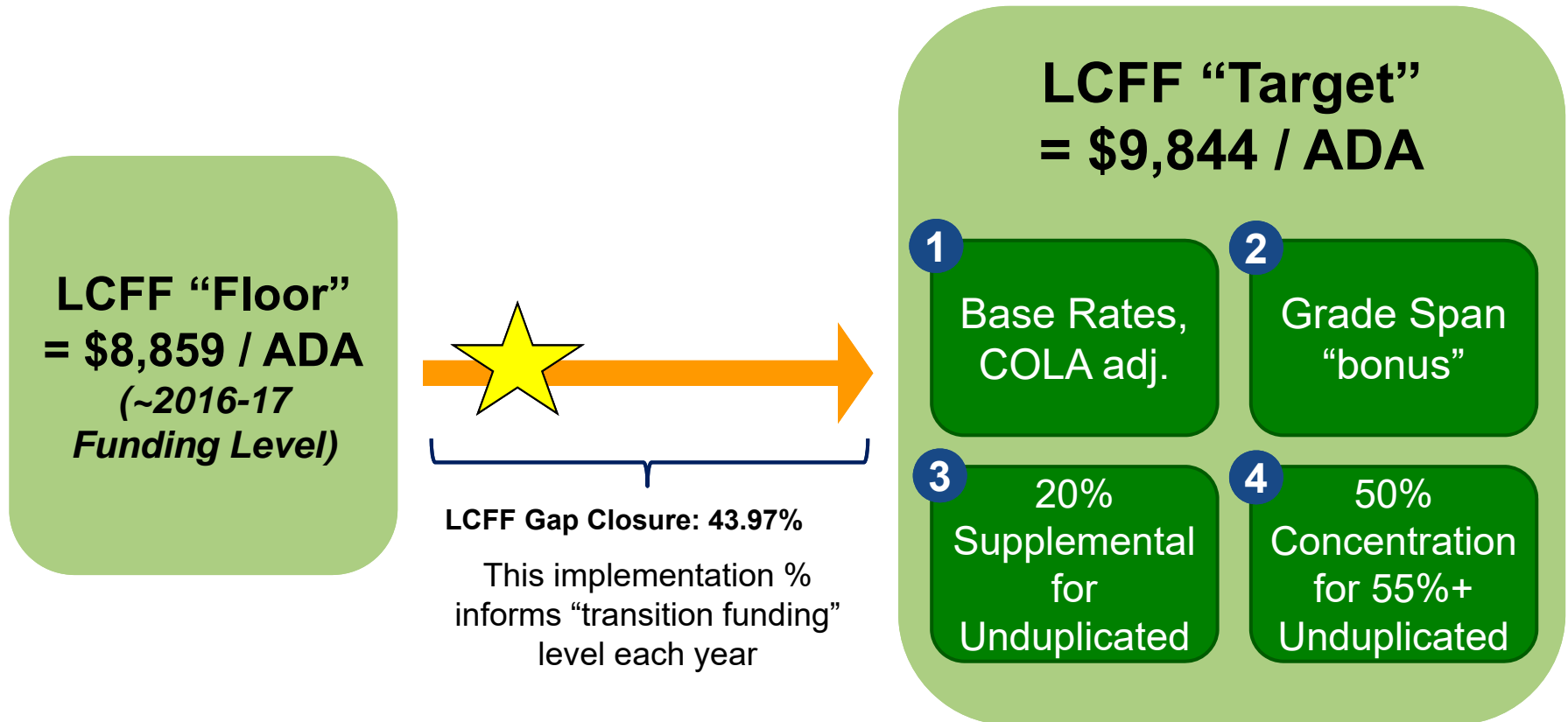
2017-18 budget projects positive net income of \$727K
and fund balance of \$20M



		2015/16	2016/17	2017/18	16/17 vs 17/18
		Final Audit	Current Forecast	Budget Proposal	Variance
SUMMARY					
Revenue					
	LCFF Entitlement	30,100,850	30,008,398	31,567,559	1,559,161
	Federal Revenue	970,967	1,247,519	1,372,196	124,677
	Other State Revenues	6,501,231	3,629,195	3,592,430	(36,764)
	Local Revenues	2,087,775	1,947,206	1,180,000	(767,206)
	Fundraising and Grants	12,379	-	-	-
	Total Revenue	39,673,202	36,832,317	37,712,185	879,868
Expenses					
	Compensation and Benefits	27,038,794	26,796,373	27,035,148	238,775
	Books and Supplies	2,653,766	3,078,066	3,211,611	133,545
	Services and Other Operating	5,631,592	5,666,383	5,987,231	320,849
	Depreciation	549,364	142,863	750,867	608,004
	Total Expenses	35,873,516	35,683,685	36,984,858	1,301,173
Operating Income		3,799,687	1,148,632	727,328	(421,304)
Fund Balance					
	Beginning Balance (Unaudited)		17,194,987	19,305,995	
	Audit Adjustment		962,376	-	
	Beginning Balance (Audited)	14,357,676	18,157,363	19,305,995	
	Operating Income	3,799,687	1,148,632	727,328	
Ending Fund Balance (including Depreciation)		18,157,363	19,305,995	20,033,323	
Ending Fund Balance as a % of Expenses		51%	54%	54%	
Capital Outlay		3,765,247	340,226	3,291,500	2,951,274

Local Control Funding Formula (LCFF)

Review of LCFF calculation

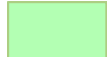


FY17-FY19 LCFF Rates

Revenue projections heavily dependent on state budget;
Current expectation of 43.97% LCFF implementation in FY17-18



LCFF Implementation					
		CY	Y1	Y2	Y3
		FY 2017	FY 2018	FY 2019	FY 2020
Implementation % Towards Goal		55.03%	43.97%	71.53%	73.51%
Total Effective Implementation %		86.90%	92.70%	97.90%	99.40%
	Rate / ADA	8,859	9,091	9,469	9,745



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



	2015-16	2016-17	2017-18	Variance
Enrollment	3855	3655	3755	100
Incl. exchange students				
Attendance Rate	92.5%	96.4%	95.0%	-1.40%
ADA	3567	3387	3472	128
Unduplicated Count	851	978	1005	39

Revenue Sources

Revenues in 17/18 are \$37.7M,
an increase of \$880K compared to the 16/17 May forecast



	15/16	16/17	17/18	Variance (16/17 vs. 17/18)	% Change
LCFF	30,100,850	30,008,398	31,567,559	(1,559,161)	-5%
Federal	970,967	1,247,519	1,372,196	(124,677)	-10%
Other State	6,501,231	3,629,195	3,592,430	36,764	1%
Local	2,087,775	1,947,206	1,180,000	767,206	39%
Donations/Fundraising	12,379	-	-	-	0%
Total	39,673,202	36,832,317	37,712,185	(879,868)	-2.4%

Expenses: Salaries

Compensation matches salary schedules and UTLA negotiations



	15/16	16/17	17/18	Variance (16/17 vs. 17/18)	% Change (16/17 vs. 17/18)
Cert Teacher Salaries	12,130,703	10,948,641	11,221,839	(273,198)	-2%
Cert Stipends & Extra Pay	827,071	1,280,000	1,095,000	185,000	14%
Cert Pupil Support Salaries	1,532,293	1,407,242	1,308,627	98,615	7%
Cert Administrative Salaries	1,038,059	899,243	779,258	119,984	13%
Cert Other Salaries	288,899	244,479	245,635	(1,157)	0%
Total	15,817,025	14,779,604	14,650,359	129,245	1%

	15/16	16/17	17/18	Variance (16/17 vs. 17/18)	% Change (16/17 vs. 17/18)
Class Instructional Aides	922,854	975,069	1,163,425	(188,356)	-19%
Class Support Salaries	810,539	951,837	940,547	11,290	1%
Class Administrative Salaries	645,708	518,968	622,527	(103,559)	-20%
Class Office & Clerical Salaries	846,558	850,521	1,192,144	(341,623)	-40%
Class Other Salaries	402,992	103,899	162,735	(58,836)	-57%
Total	3,628,652	3,400,294	4,081,378	(681,084)	-20%

Three percent (3%) increase in compensation, with one percent (1%) constituting an on-schedule pay increase issued retroactively to July 1, 2016 (for FY16-17 school year) and the other two percent (2%) constituting a one-time, off-schedule increase for 2016-2017 only.

Expenses: Benefits

Benefit expenses in 17/18 are \$8.3M,
an increase of \$313K compared to the 16/17 May forecast



	15/16	16/17	17/18	Variance (16/17 vs. 17/18)	% Change (16/17 vs. 17/18)
STRS	1,598,786	1,859,274	2,114,047	(254,773)	-14%
PERS	368,171	396,949	492,244	(95,295)	-24%
OASDI/Medicare	492,410	442,869	469,550	(26,681)	-6%
Health Benefits	3,284,672	3,568,275	3,746,689	(178,414)	-5%
Unemployment Insurance	9,916	9,090	9,366	(276)	-3%
Worker's Compensation	180,874	189,690	187,317	2,373	1%
Post-Retirement Benefits	1,713,141	2,130,000	1,250,000	880,000	41%
PARS	(54,851)	20,328	34,198	(13,870)	-68%
Total	7,593,118	8,616,475	8,303,411	313,064	4%

	2015-16	2016-17	2017-18	2018-19	2019-20
STRS	10.75%	12.58%	14.43%	16.28%	18.13%
PERS	11.83%	13.89%	15.53%	18.70%	21.60%

Expenses: Book and Supplies

Books and Supplies expenses in 17/18 are \$3.2M,
an increase of \$134K compared to the 16/17 May forecast



	15/16	16/17	17/18	Variance (16/17 vs. 17/18)	% Change (16/17 vs. 17/18)
Books & Curriculum	587,945	377,720	417,635	(39,915)	-11%
Materials & Supplies	1,102,190	1,021,235	1,128,976	(107,741)	-11%
Noncapitalized Equip.	561,670	1,124,774	1,065,000	59,774	5%
Food	401,961	554,337	600,000	(45,663)	-8%
Total	2,653,766	3,078,066	3,211,611	(133,545)	-4%

Expenses: Services and Other Operating

Largest increase in capital expenditures for
Prop 39E and Shoup Project



	15/16	16/17	17/18	Variance (16/17 vs. 17/18)	% Change (16/17 vs. 17/18)
Conferences & Travel	113,079	100,000	103,000	(3,000)	-3%
Dues & Membership	243,672	190,124	186,284	3,839	2%
Insurance	188,127	181,091	206,524	(25,433)	-14%
Ops & Housekeeping	860,079	764,320	1,294,100	(529,780)	-69%
Rentals, Leases, Repairs	702,778	841,869	942,125	(100,256)	-12%
Other Services & Ops	3,413,445	3,488,978	3,146,198	342,780	10%
Communication	110,412	100,000	109,000	(9,000)	-9%
Total	5,631,592	5,666,383	5,987,231	(320,849)	-5.7%

	15/16	16/17	17/18	Variance (16/17 vs. 17/18)	% Change (16/17 vs. 17/18)
Building Improvements	3,598,464	340,226	3,291,500	(2,951,274)	-867%
Total	3,598,464	340,226	3,291,500	(2,951,274)	-867%

2017/18 Budget: Shoup Project

Shoup facility expected to be operational in January 2018;
budgeted expenses of \$2.4M are for entire year



17/18	
Salaries	200,000
Benefits	56,000
Books & Supplies	135,000
Operations & Housekeeping	307,000
Services & Other Operating Expenses	110,000
Communications	6,000
Capital Outlay	1,561,500
Total	2,375,500

16/17 vs 17/18 Expense Variance

Compensation & Benefits make up the majority of expenses in 17/18 at 69%



16/17 vs 17/18 Expense %



Opportunities / Uncertainties

While projections are generally conservative, several key assumptions have potential to fluctuate meaningfully



1

Enrollment

2

Staffing

3

Funding
Rates

4

Capital
Outlay