

# CALIFORNIA CONNECTIONS ACADEMY SCHOOLS

Governed by California Online Public Schools

## FINANCIAL REPORT

Submitted for February 2023

TO: Board of Directors

FROM: LaChelle Carter, Director of Finance

RE: Written Financial Report for CalCA Schools

DATE: February 24, 2023

### BACKGROUND

*This written update will be prepared for each board meeting in order to facilitate the flow of the board meeting by reducing the need for verbal reports. Board members are expected to review the written report which is part of their board packet. Questions or comments about anything in the report, or other related matters, are welcomed during the board meeting. In addition, board members can reach out with questions prior to the board meeting if needed.*

*If additional information comes up between the time the written report is submitted and the board meeting date, it will be provided verbally. This report will include information for all CalCA schools, and board members are reminded that they now have fiduciary responsibility for all schools the corporation operates.*

### FINANCIAL ITEMS:

#### ***Monthly Financial Reports:***

Previously, financials were reported through December 2022. The financial reports for January are included in this board package and bring the board up-to-date on the fiscal status of California Online Public Schools (CalOPS) and its charter schools through January for the 2022-23 school.

#### **Consolidated Financial Report:**

The consolidated financial report shows the overall fiscal picture for the California Online Public Schools (CalOPS) Corporation. This corporation encompasses California Connections Academy: Southern

California, Central, Northern California, North Bay, Central Coast and Monterey Bay. This report has been reviewed and summarized below.

**Revenue**-California Online Public Schools are eligible for local, state and federal funding with the exception of Central Coast and Monterey Bay who were not eligible for federal funding under a “schoolwide basis”, based on the fact that the number of students enrolled that met the FREE or REDUCED lunch income requirements was still lower than 40% during the 2021-22 school year. Since, then, both schools exceed the 40% threshold, *based on the 2022-23 Fall 1 Census Data which accounts for: Enrollment counts, English language acquisition status, Immigrant Counts, Free/reduced-price meal-eligibility, and Special Education.* We are currently in the process of completing the application process so these two schools can receive Title I, II and IV funding for the 2023-24 school year.

As for most charter schools, our largest source of revenue is the Local Control Funding Formula (LCFF), which are unrestricted funds received through three channels, with the three elements known as the Principal Apportionment/State Aid, In-lieu of Property Taxes and Education Protection Account.

Our current federal funding includes:

- **ERMHS**- Funds apportioned to special education based primarily on a reimbursement model, with a cap per student. The purpose of these funds are to provide educational mental-health related services for students with or without an individualized education program(IEP), including out-of-home residential services for emotionally disturbed pupils. Some of these funds are state and some are federal. For the 2022-23 school year, the SELPA has moved to a new model which will simplify the way these funds are handled. These funds are now being paid based on the schools’ ADA on a monthly basis and no longer require additional reporting to receive funds.
- **Title I**- Revenue is to ensure all children have a fair, equal, and significant opportunity to obtain a high-quality education and reach minimum proficiency.
- **Title II**- Money to help increase the academic achievement of all students by funding programs that improve teacher and principal quality through professional development and other activities, and providing low-income and minority students greater access to effective teachers, principals, and other school leaders.
- **Title IV**- Designed to fund efforts that improve students’ academic achievement through the operation of well-rounded educational programs, improvement of school conditions, health and safety initiatives, and improvement of technology and digital literacy.
- **IDEA**- Federal funding allocated for special education and related services. Based on special education enrollment totals along with enrollment and low income students considered in poverty counts.
- **ESSER III**- Funding for schools to help with expenses and the financial implications of COVID-19, particularly expanded learning opportunities, learning support tools and resources, and staff training. Expires in September 2024. *These funds are starting to be used this year. Some of the areas this revenue will be allocated to are staffing to address concerns related to COVID-19, COVID-19 testing and prevention supplies.*

Our current state funding includes:

- LCFF State Aid-monthly payments made to schools based on grade span counts and special populations such as English Language Learners, free and reduced lunch, foster and homeless counts. This is a large part of the school's revenue and consistent cash flow.
- LCFF Education Protection Account- funding provided to schools for general purpose state aid. These funds must be spent on instructional rather than administrative costs.
- Mandate Block Grant Reimbursement- restricted funding based on a formula using average daily attendance and designed to offset costs that schools spend on state mandated programs such as state testing.
- Educator Effectiveness Block Grant- One time funding to provide professional learning for teachers, administrators, paraprofessionals, and classified staff in order to promote educator equity, quality, and effectiveness. These funds will be expended in accordance with the adopted plan over several years.

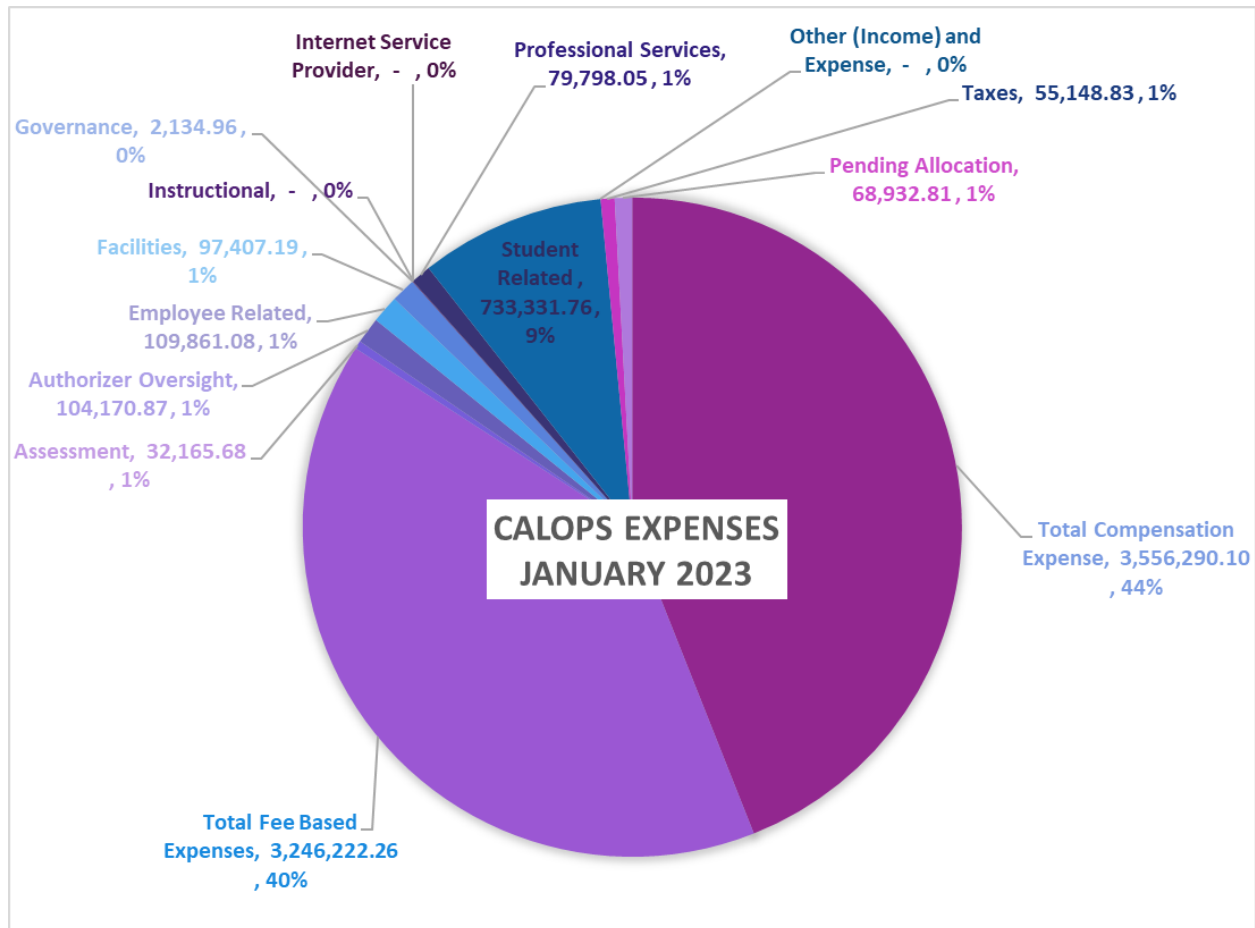
Our current local funding includes:

- LCFF Property Tax- The portion of taxes collected by the authorizing school district that must be transferred to the charter school serving that geographic location for the students that reside in that geographic location.
- Lottery- Quarterly payments, based on prior year average daily attendance. Funding is divided into restricted and unrestricted funds and must always be used exclusively for the education of students and can include instructional materials.
- E-RATE- Funding to assist with affordable high speed internet access and telecommunication services.

In the month of January the schools received \$11,574,488 in revenue, making the year to date total \$49,884,477. Of the anticipated \$108,484,078 expected for the year, that is 46% received has been recorded as received. Please note yearly allocations can change throughout the year based on recalculations of enrollment and adjustments from the funding source.

**Expenses-** Expenditures for January totaled \$8,085,464 which puts our year to date spending at 52% of what is budgeted. We continue to explore purchases that will assist our schools during the coming organizational changes. We anticipate expenses related to branding and marketing, financial management, enrollment and data management and human resource services. Some of these may be annual contracts whereas others could be monthly subscriptions/memberships. We will continue to keep the board informed on decisions and purchases made appropriately. Overall, in the coming budget development cycle we will be focusing on expenditures to support instructional needs and state spending requirements, lowering our reserves with reasonable purchases that support the goals of the school, academic success and staff satisfaction. Specifically examples include technology, operational programs to improve the quality of staff and student learning interactions as well as business performance tools.

Below is a chart illustrating the usage of funds in January for the CalOps organization as a whole.



**Balance Sheet:** The cash balance in all of our accounts at the January close was approximately \$36,191,436. Since then the schools have initiated payments to each other and to Pearson Virtual Schools (PVS) for outstanding invoices outlined below. All transactions will appear in the next financial reports. All schools still have a strong cash flow and will be scheduling the next round of payments once the January invoices have been board approved.

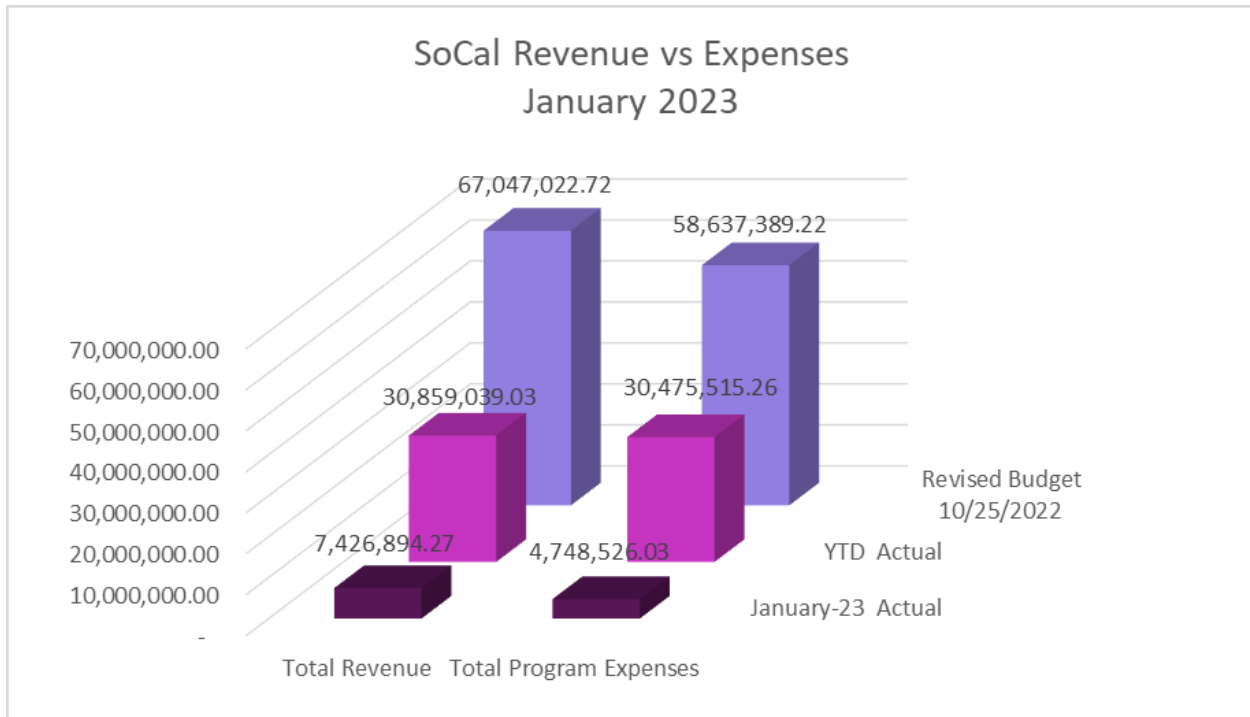
Payment Summary

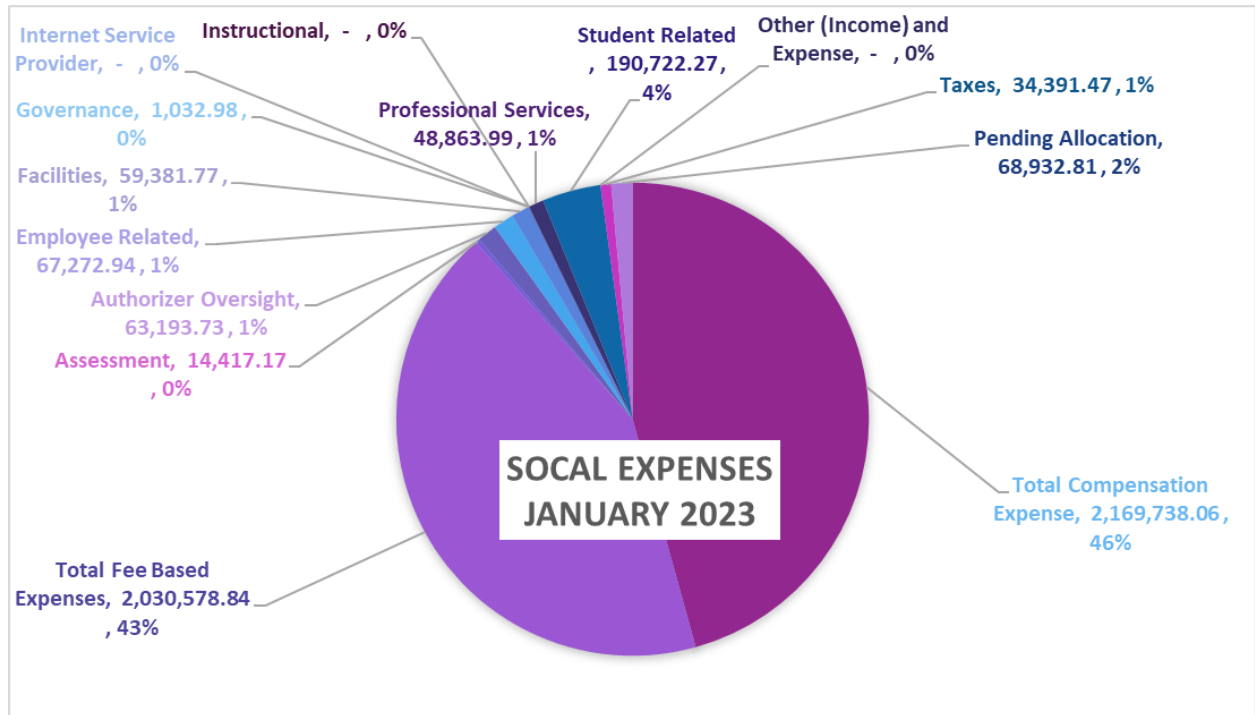
- SoCal PVS November and December Invoices \$6,426,189.12
- SoCal November and December NorCal Due To, \$24,848.20
- Central Valley PVS November and December Invoice, \$491,894.12
- Central Valley November and December SoCal Due To, \$5,708.95
- Central Valley November and December NorCal Due To, \$5,466.75
- Central Valley November and December Due to SoCal for Payroll, \$856,994.18
- NorCal PVS November and December Invoice, \$1,288,725.65
- NorCal November and December Due to SoCal for Payroll, \$2,232,173.35
- Monterey Bay PVS November and December Invoice, \$338,090.93

- Monterey Bay November and December Due to SoCal for Payroll, \$617,486.30
- Monterey Bay Oct SoCal Due To, \$4,096.86
- Monterey Bay Oct NorCal Due To, \$3,806.07
- North Bay PVS November and December Invoice, \$107,380.31
- North Bay November and December Due to SoCal for Payroll, \$193,794.36
- North Bay November and December SoCal Due To, \$1,284.51
- North Bay November and December NorCal Due To, \$1,196.07
- Central Coast PVS November and December Invoice, \$306,224.02
- Central Coast November and December SoCal Due To, \$3,941.30
- Central Coast November and December NorCal Due To, \$1,690.54

**Schools' Summary:**

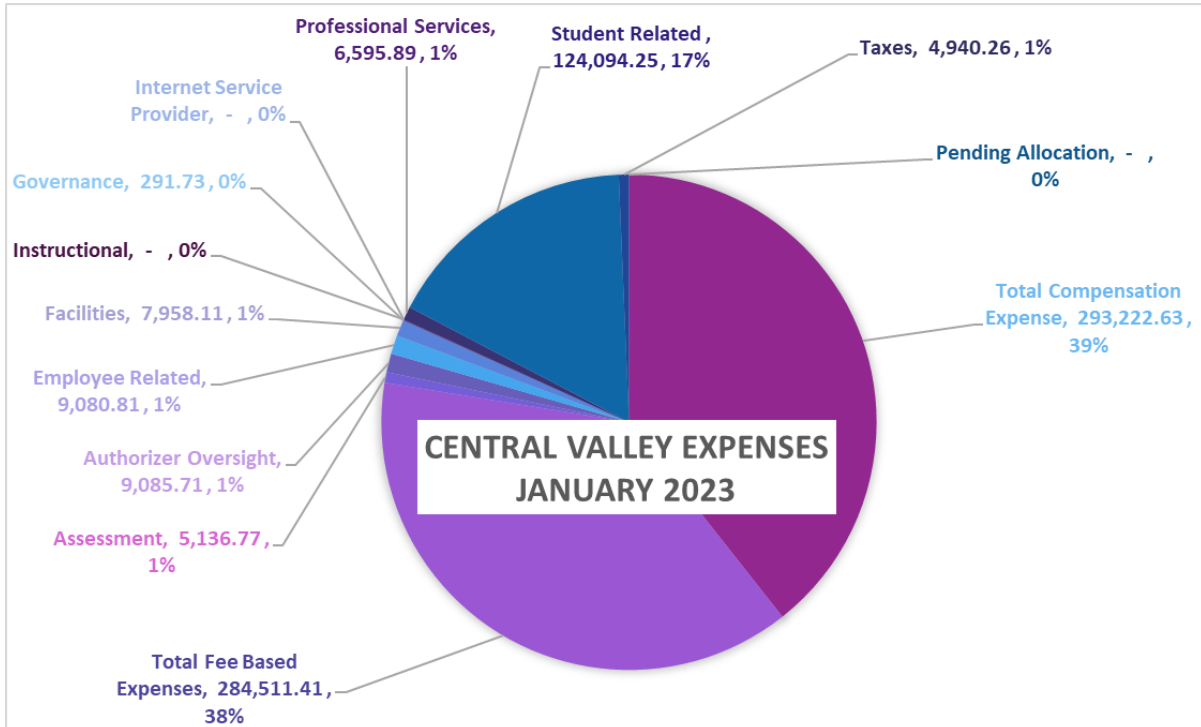
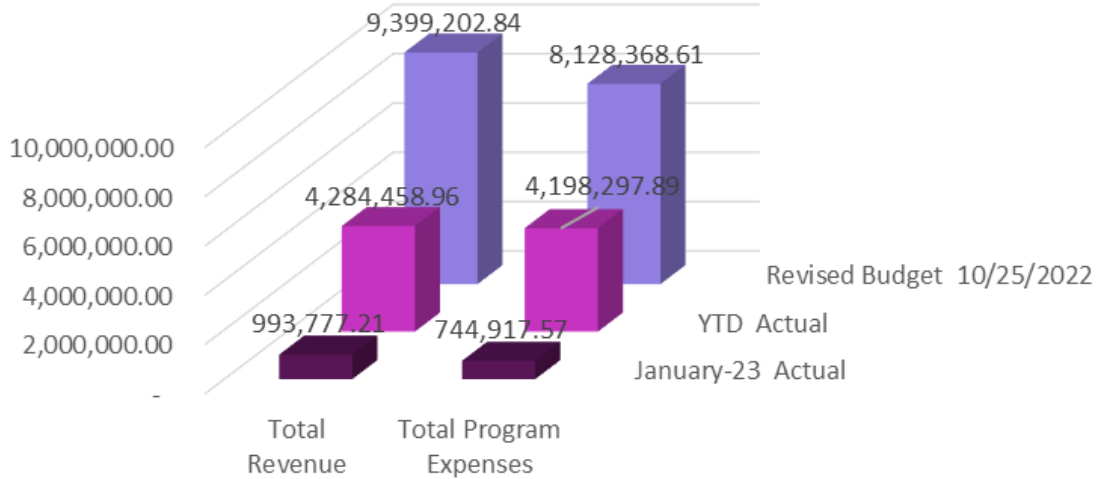
**SoCal-** In January, SoCal received local and state funding that included LCFF State Aid, LCFF EPA, LCFF Property Tax, Lottery, Mandated Cost Grant, SpED State and SPED ERMHS and Federal Title I, Title II and Title IV Funds. As it relates to expenses, professional development is high at 93% of the budget, Dues-Schools is over budget, Accounting Services/Audit is over budget, and Other School Contracted Services being significantly over budget. Other School Contracted Services, is high due to the recent purchases made in preparation for the planned transition. Overall, even with the high and over budget line items, due to decreases in other areas such as Utilities, Maintenance and Repairs, Sped Related Services amongst many others, the SoCal expenses at month close were only at 45% of the amount budgeted.



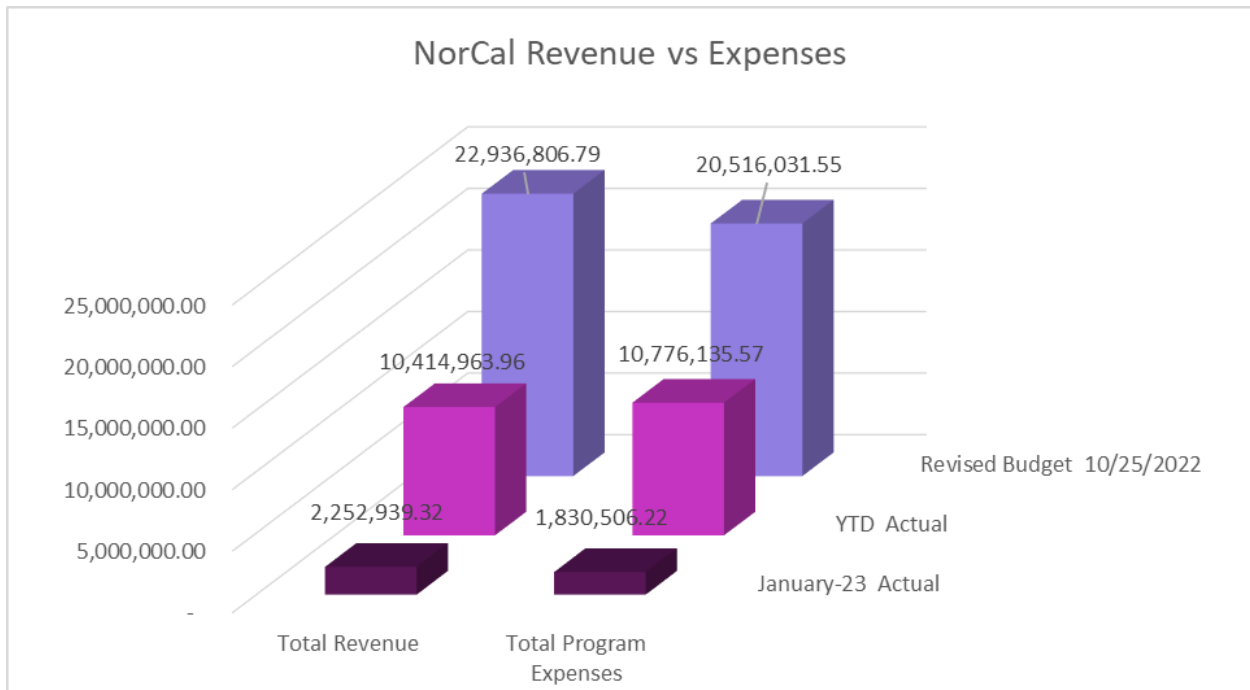


**Central Valley-** The revenue received by this school in January included: LCFF State Aid, LCFF EPA, Lottery, Mandate Cost Grant, LCFF Property Tax , and SpED State. No Title funding was received. In all, the school has received 46% of their revenue for the year and has expenses 52% of their budget. Areas of higher expenses include: Other School Contracted Services, Student Technology and Staff Training/Prof. Development. Although some of these areas exceed the budgeted amount, overall school spending is significantly lower than budgeted. We will continue to monitor these areas and will consider a budget revision if overall spending calls for it in the spring.

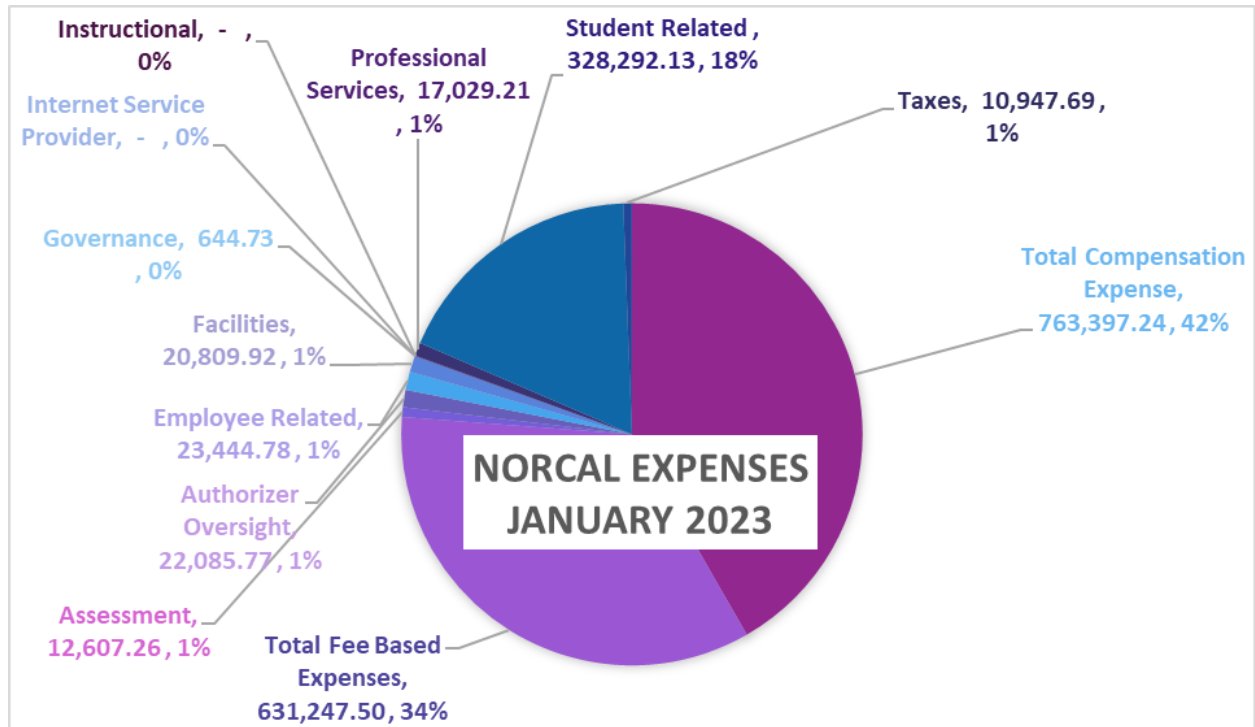
## Central Valley Revenue vs Expenses January 2023



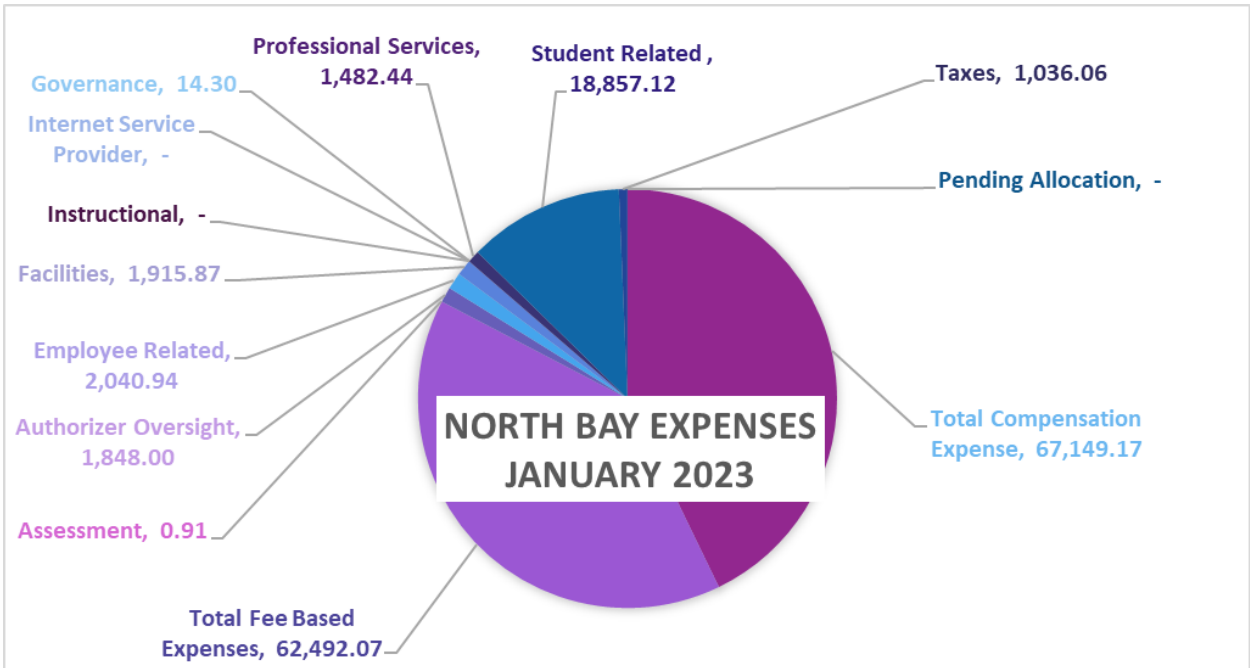
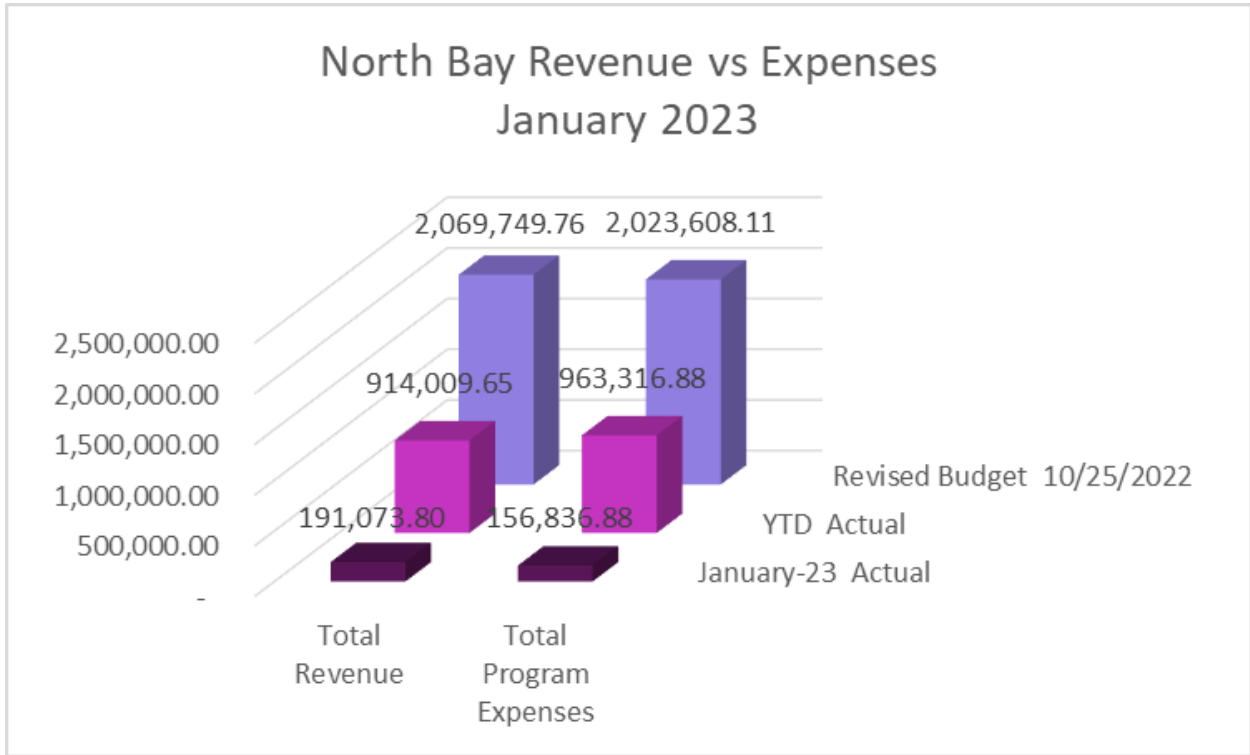
**NorCal-** The revenue received by this school in January included: LCFF State Aid, LCFF EPA, Lottery, Mandate Cost Grant, and SpED State. No Title funds or ESSER funds were received. NorCal has received 45% of its projected revenue and has expenses recorded at 53% of its budget. This school's high spending areas at this point in the year include: Graduation (the venue was paid last month and not allocated across schools causing this line to go over budget), Accounting Services/Audit (we were charged more than expected for the audit season that just ended due to extra work required by our audit firm to meet state required deadline), Professional Development, Other School Contracted Services, and Student Activities. Like Central Valley, the overall budget is not impacted by the high spending in these areas. We will continue to monitor to determine if a budget revision will be needed in the spring.





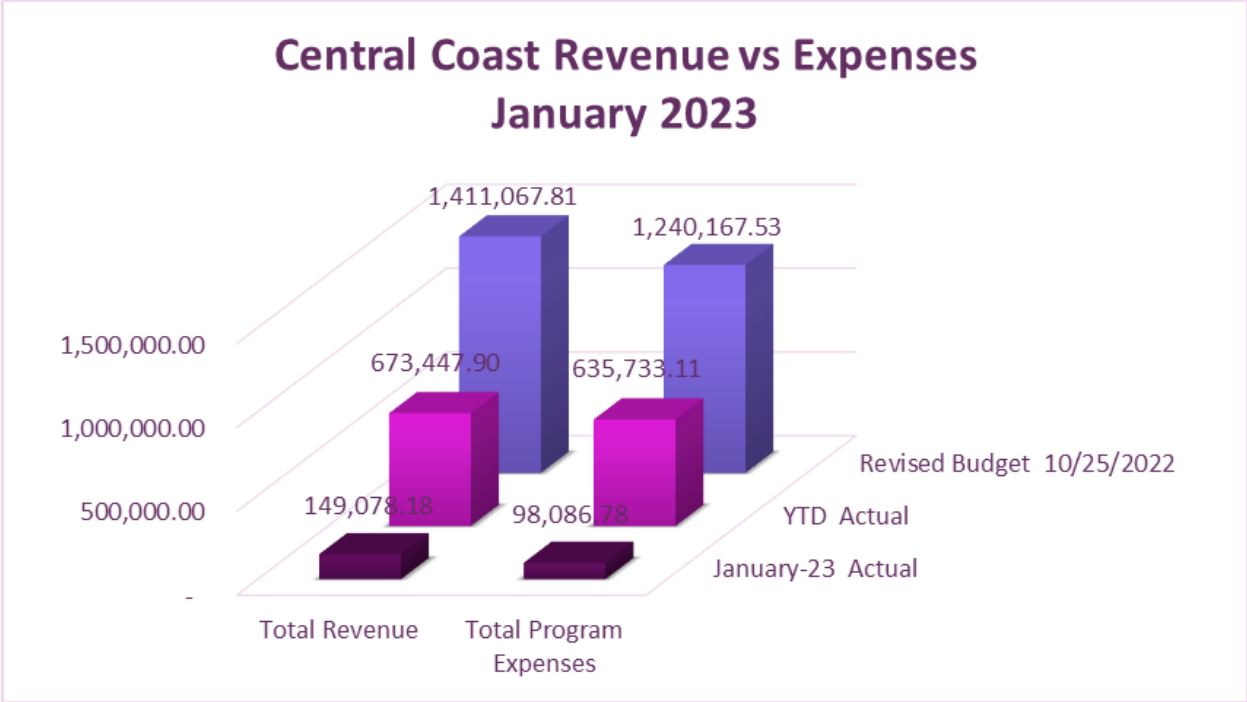


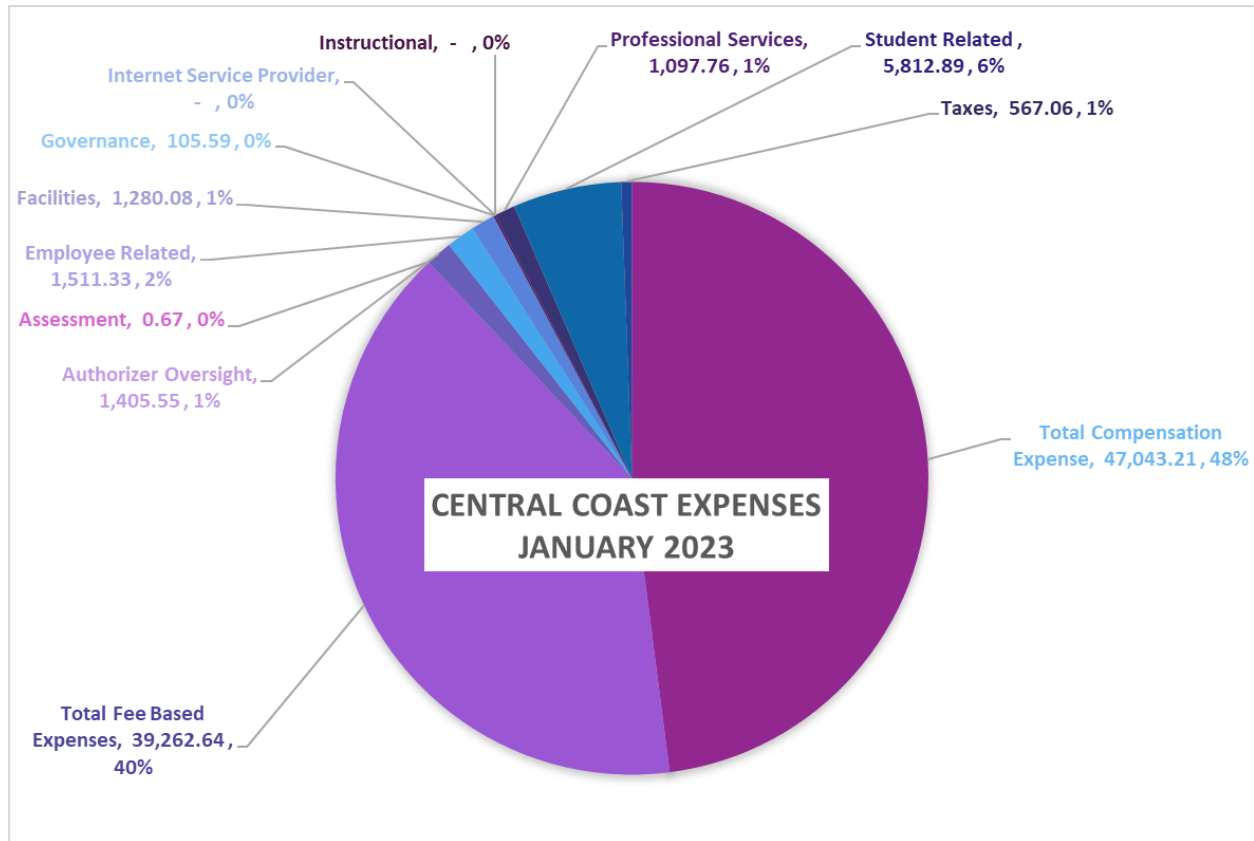
**North Bay**-The revenue received by this school last month included: LCFF State Aid, LCFF EPA, Lottery, Mandate Cost Grant, and SpED State however no Title or ESSER funding was received. High spending for this school include: Professional Development, Dues- School, and Other School Contracted Services. North Bay’s current year expenses are around 44% and the revenue received is 44% of the projected amount for the school year.



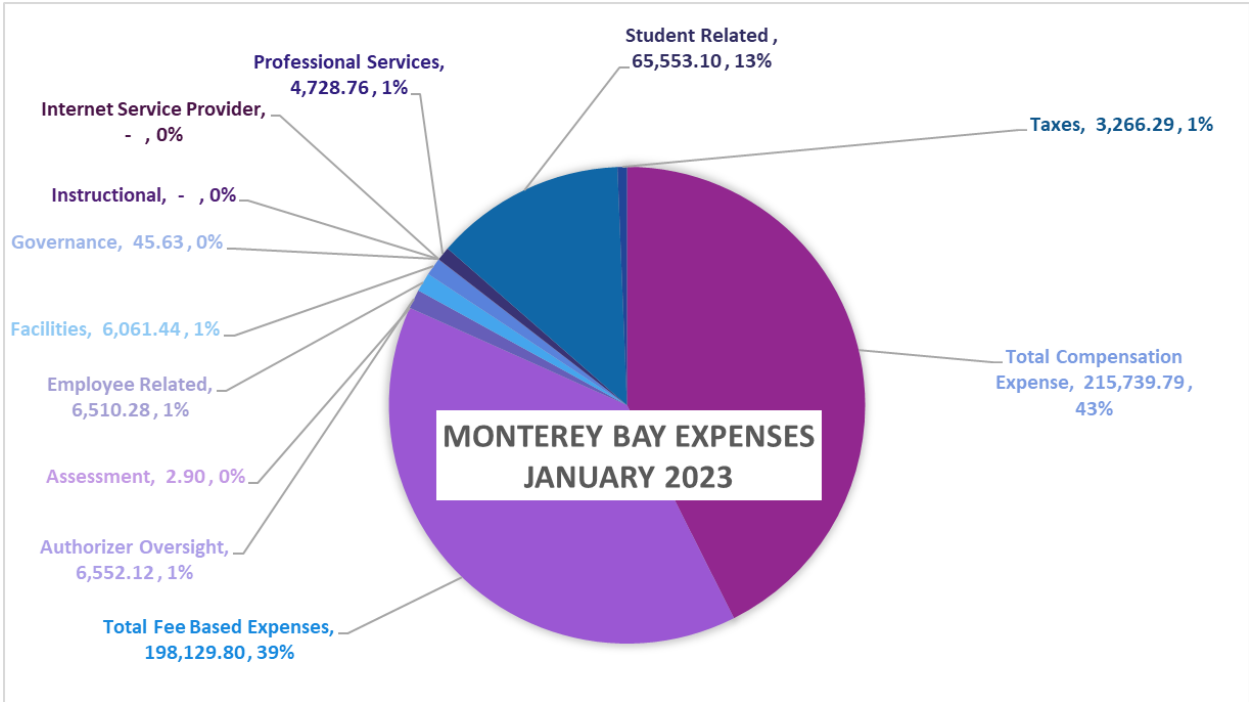
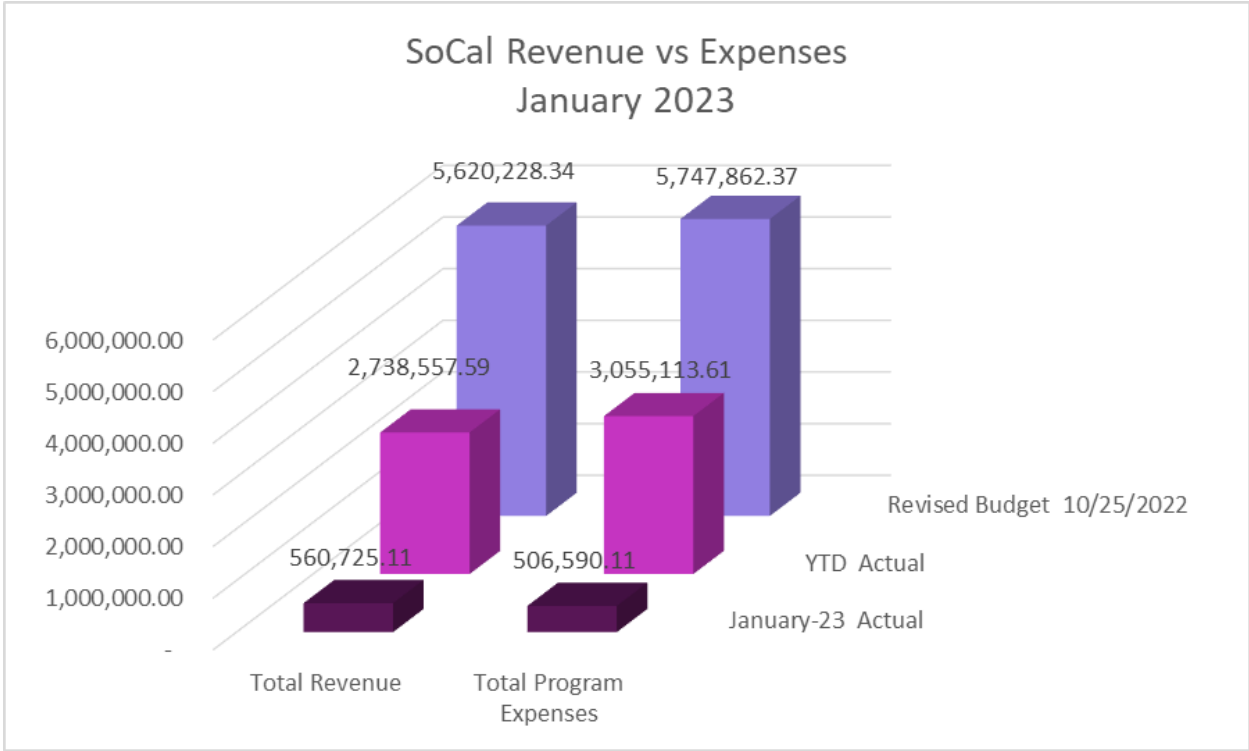
**Central Coast**-The revenue received by this school in January included: LCFF State Aid, LCFF EPA, Lottery, Mandate Cost Grant, and SpED State. No SPED Mental Health (ERMHS) funding was received. The school has received approximately 48% of their projected revenue. Their expenses are about 51% of budgeted for the year. In the January Financial report it was noted that a request was sent to the authorizing county office for \$500,000 out of the \$562,097 available in our treasury account managed

by that county, however, since the meeting, we received communication back from the county explaining that our account was reconciled due to overpayment during the 2020-21 school year and the balance of \$562,097 was a lesser amount. Although this is common for new school as ADA is always hard to predict, we are double checking all numbers for accuracy. However in the meantime, we requested \$400,000 of the available \$439,005.70 the reconciliation yielded as our account balance. With that money we were able to resolve all of the past invoices to PVS and maintain a healthy cash balance in our account for operational expenses and other vendor payments. The high spending areas for Central Coast are: Professional Development, Student Testing & Assessment Facilities & Services, Accounting Dues-School, Services/Audit, and Other School Contracted Services.





**Monterey Bay-** The revenue received by this school last month included: LCFF State Aid, LCFF EPA, Lottery, Mandate Cost Grant, Sped Mental Health (ERHMS) and SpED State . For the year they have received 48% of their revenue and have expenditures that total 53% of their budget. Like Central Coast the high spending areas are: Professional Development, Student Testing & Assessment Facilities & Services, Dues-School and Other School Contracted Services.



**Financial Reports:**

**Special Education:**

No Special Education reports were due this month.

### **2nd Interim Reports:**

The Second Interim reports are due for all six schools by March 15. These are based on the financial status of the school through January 31. The draft of the reports are included in the board materials. The draft version shows how each line item of our budget corresponds to the state reporting form and format. To the right of the page are notes detailing changes made from its original form along with the breakdown for funds considered to make those adjustments. These notes/comments will be removed from the final versions then signed by LaChelle Carter and shared with the board once the drafts are approved during the board meeting.

### **Fall 2 Reporting:**

CALPADS Fall 2 reports on student course enrollment and teacher staffing assignments. Fall 2 reports on the same population of students counted in Fall 1, as well as the administrators and staff providing student services and instruction on that date. Fall 1 census date is always the first Wednesday of October each year.

The state also has recently started to use Fall 2 data for teacher assignment monitoring. Beginning in 2019–20, the assignments of all certificated staff submitted as part of the Fall 2 data submission are being monitored to ensure that they have the appropriate credentials and authorizations, under the new credentialing laws for charter schools. The Fall 2 assignment data certified in CALPADS is provided to the Commission on Teacher Credentialing (CTC) who will identify potential mis-assignments. Any mis-assignments are then reviewed by the authorizing district and we attempt to resolve them. The final results, which may include any reportable mis-assignments, if any, will be publicly reported through the CDE.

The Fall 2 reporting deadline is March 11, 2022. All schools are on track to meet this deadline well ahead of time.

### **ConApp Report:**

The Consolidated Application (ConApp) is used by the California Department of Education (CDE) to distribute categorical funds such as Federal Title I, II and IV to county offices, school districts, and direct-funded charter schools throughout California.

Annually, typically from mid-May to the end of June, each local educational agency (LEA), using the Consolidated Application and Reporting System (CARS), submits the spring release of the ConApp. The spring release documents participation in these programs and provides assurances that the LEA will comply with the legal requirements of each program. Program entitlements are determined by formulas contained in the laws that created the programs.

The winter release of the ConApp is submitted via CARS from mid-January to the end of February each year and contains the LEA entitlements for each funded program. For each federal program entitlement, LEAs allocate funds for the program as indicated by the program requirements.

This report was due and submitted on February 24, 2023 for all schools.

**ESSA Per-Pupil Expenditure (PPE) Report:**

The Elementary and Secondary Education Act of 1965 (ESEA), as reauthorized by the Every Student Succeeds Act (ESSA), requires state educational agencies (SEAs) and their local educational agencies (LEAs) to prepare and publish annual report cards that contain specified data elements, including LEA and school-level per-pupil expenditures (PPE). Although California LEAs already collect and report on most of the required report card data elements, including LEA-level expenditures, they are not currently collecting or reporting school-level expenditures to the state. Although there is currently nothing in federal law or federal regulations that requires SEAs to develop a standard methodology for calculating PPE, the California Department of Education (CDE) recognizes the need to provide support to LEAs on implementing this new reporting requirement. To that effect, CDE created a web-based application to assist LEAs in collecting and reporting the required data.

This report is due on March 1st and is scheduled to be submitted on or before that date for all schools.

**IRS FORM 1096:**

IRS Form 1096 is also called the "Annual Summary and Transmittal of U.S. Information Returns." Its purpose is to be considered a summary and transmittal tax form that gives the IRS information from the 1099 forms we sent out to individual recipients. The due date for filing Form 1096 with the IRS was February 24, 2023, and was mailed on time. Under the California Online Public Schools corporation we are able to submit this information once for all schools.

**Special Education Service Contracts Update:**

Finance and the Student Services department continue to work together to explore quality providers to serve our growing special education needs. Below is a list of new providers we have entered into contracts or addendums created to existing contracts with for the remainder of the 2022-23 school year that were initiated since the last board meeting.

<b>NEW ADDENDA</b>		
<b>2022-23 SERVICE PROVIDERS/VENDORS</b>	<b>Addendum Notes</b>	<b>Addendum Status</b>
<b>EECS (Effectual Educational Consulting Services)</b>	Amended start date to 8/22/2022 from 9/6/2022 to accommodate prep for new school year and added .25 FTE for Mental Health and Behavior Services to the .25 FTE effective 2/23/2023	FULLY EXECUTED 2/16/2023

PresenceLearning, Inc. (formerly known as Global Teletherapy)	Amended start date to 8/29/2022 from 9/6/2022 to accommodate preparation deemed necessary prior to the new school year.	FULLY EXECUTED 2/15/2023
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**New Contracts/Purchases over \$20,000:**

Date	Vendor	Purpose	Amount
2/21/23	Clifton Larson Allen LLP	Audit Services	\$67,940