

CALIFORNIA CONNECTIONS ACADEMY SCHOOLS

Governed by California Online Public Schools

FINANCIAL REPORT

Submitted for May 22, 2023

TO: Board of Directors

FROM: LaChelle Carter, Director of Finance

RE: Written Financial Report for CalCA Schools

DATE: May 22, 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 March 2023. The financial reports for April 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 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.

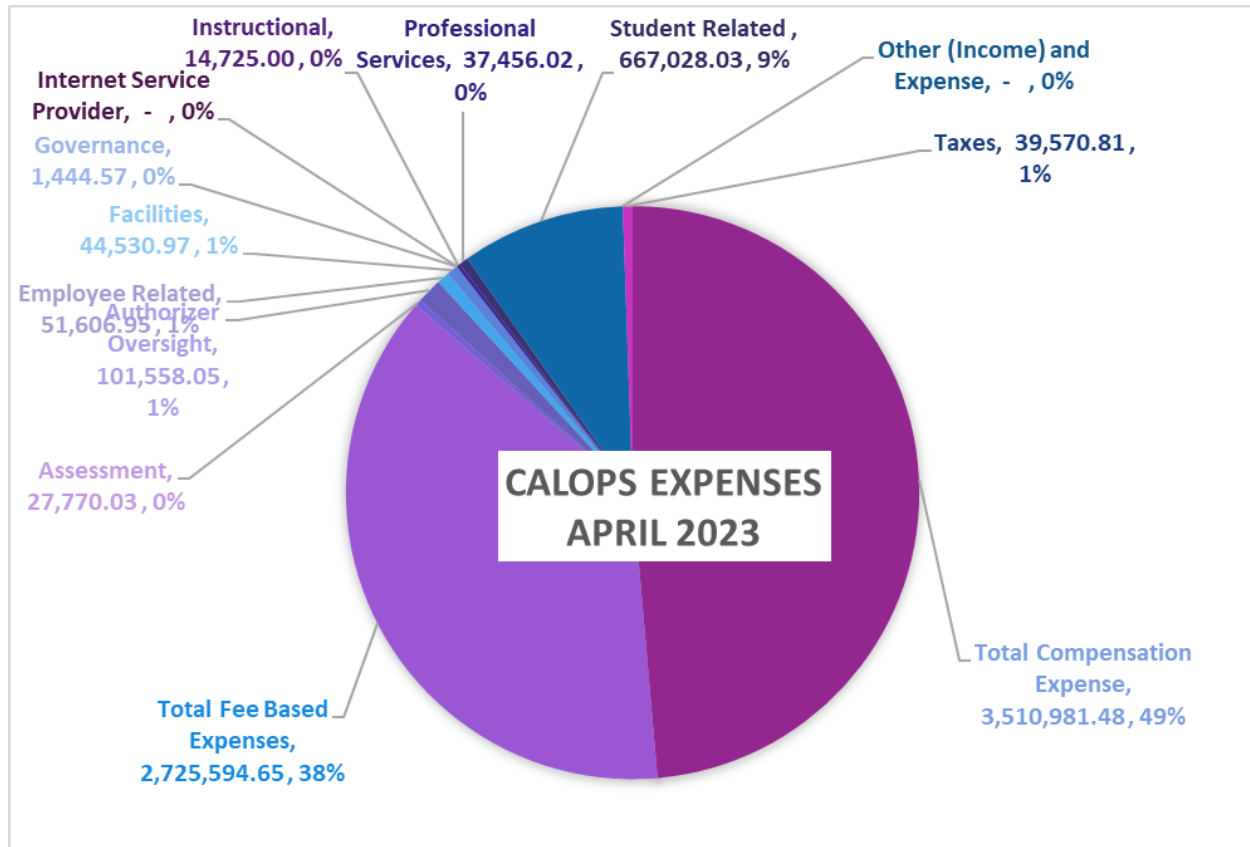
Our current local funding includes:

- 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 April, the schools received \$8,754,150 in revenue, making the year to date total \$85,553,914 (76% of the anticipated \$108,484,078 expected for the year). Please note yearly allocations can change throughout the year based on recalculations of enrollment and adjustments from the funding source.

Expenses- Expenditures for April totaled \$7,489,815 which puts our year to date spending at 76% of what is budgeted. We continue to explore purchases that will assist our schools during the coming organizational changes. As we continue to discuss needed changes as a result of the transition from Pearson, anticipate some pre-paid expenses that will impact cash flow however, not the budget. As purchases are made for the 2023-24 school year, we will account for them as part of next year's budget despite the payment being released prior to July 1, 2023. Any example of this would be technology for students and staff. This is a standard accounting practice and does not raise any audit or compliance concerns. We will continue to keep the board informed on decisions and purchases made appropriately. We will also see an increase in graduation related expenses and travel over the next couple months as a result of testing, end of the year festivals and graduation.

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

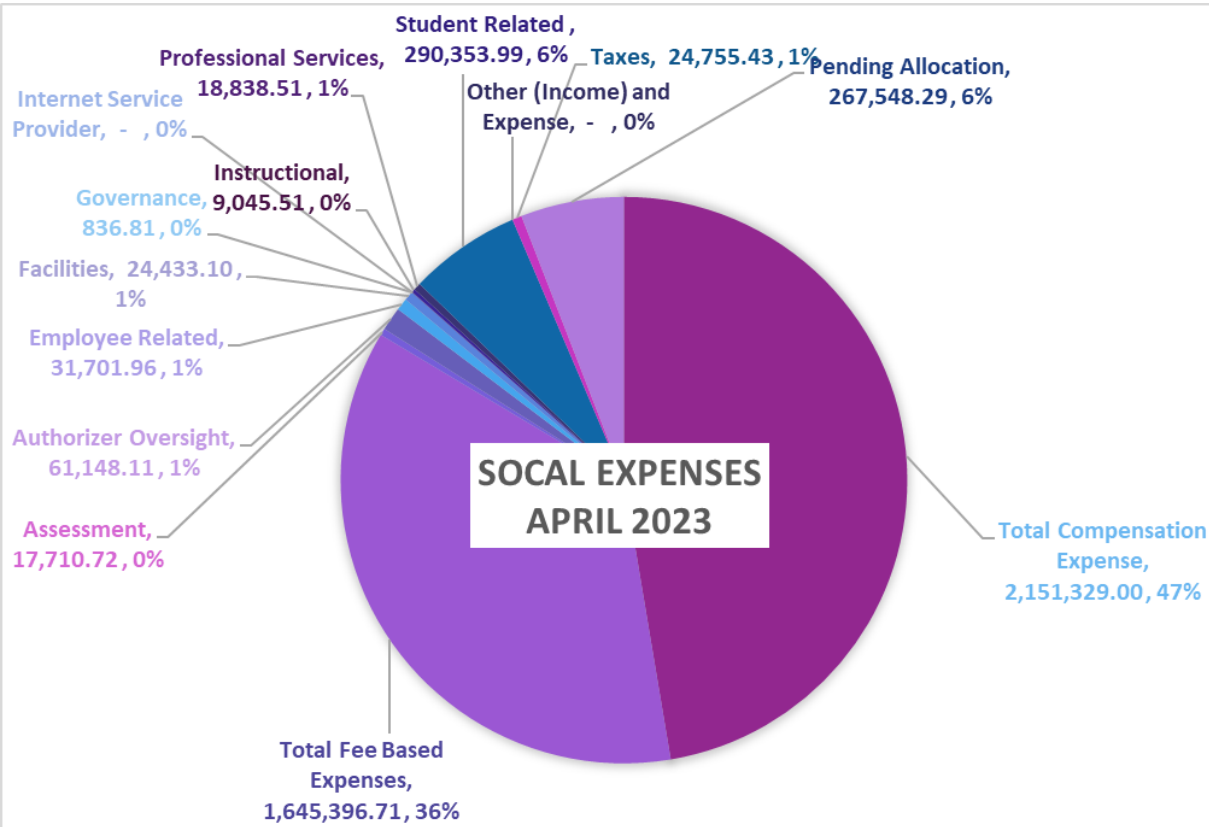
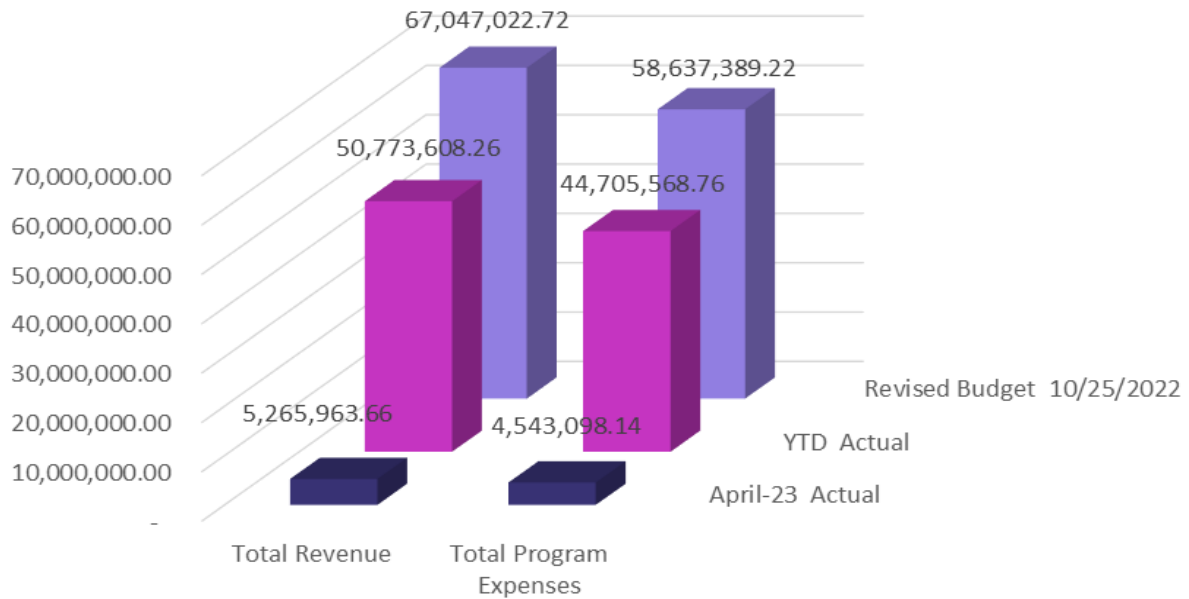


Balance Sheet: The cash balance in all of our accounts at the March close was approximately \$47,065,129. There is a \$12,439,375 balance of debt owed between Pearson Virtual Schools (PVS) and any CalOPs schools. Payments to PVS for March are already approved in the banking system and will be going out all week. April invoices presented in this board package and expected to be approved during the May board meeting will be scheduled to be released once given board approval.

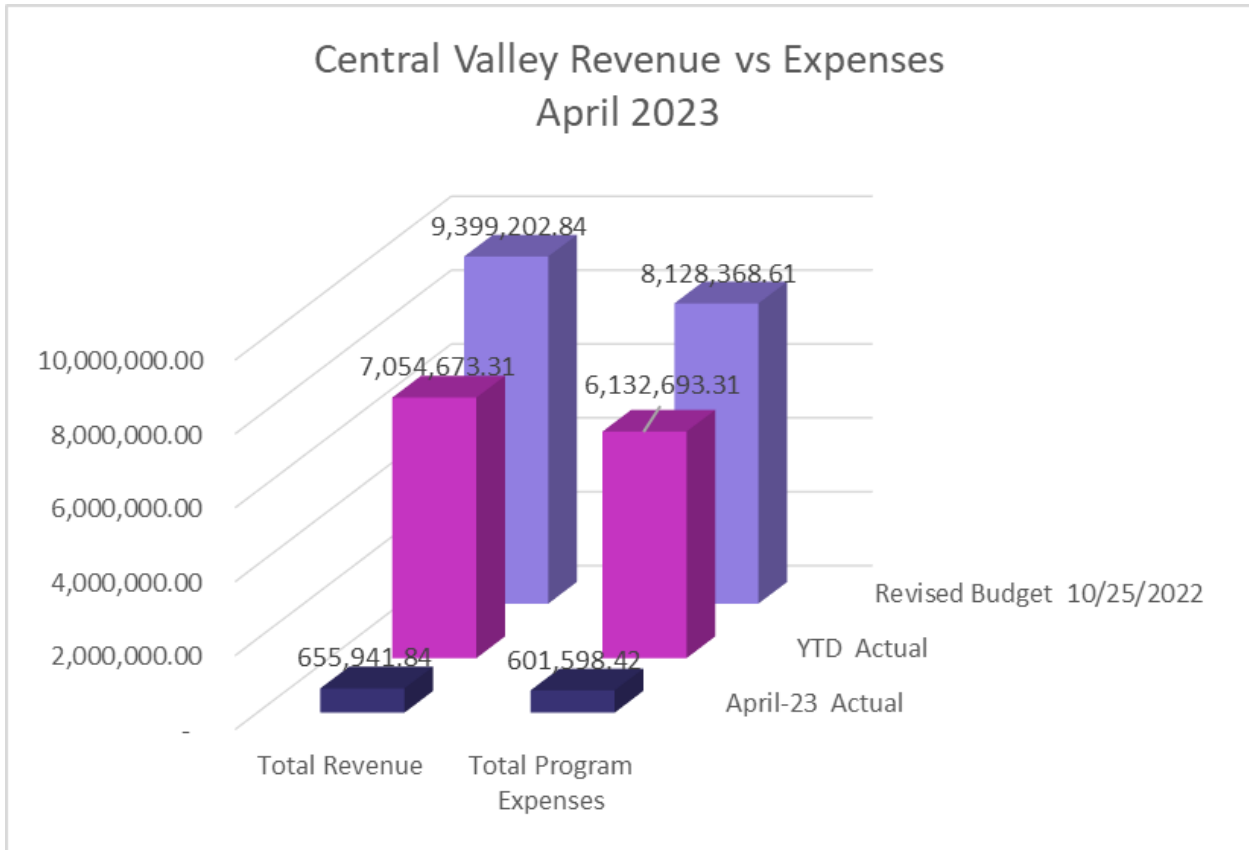
Schools' Summary:

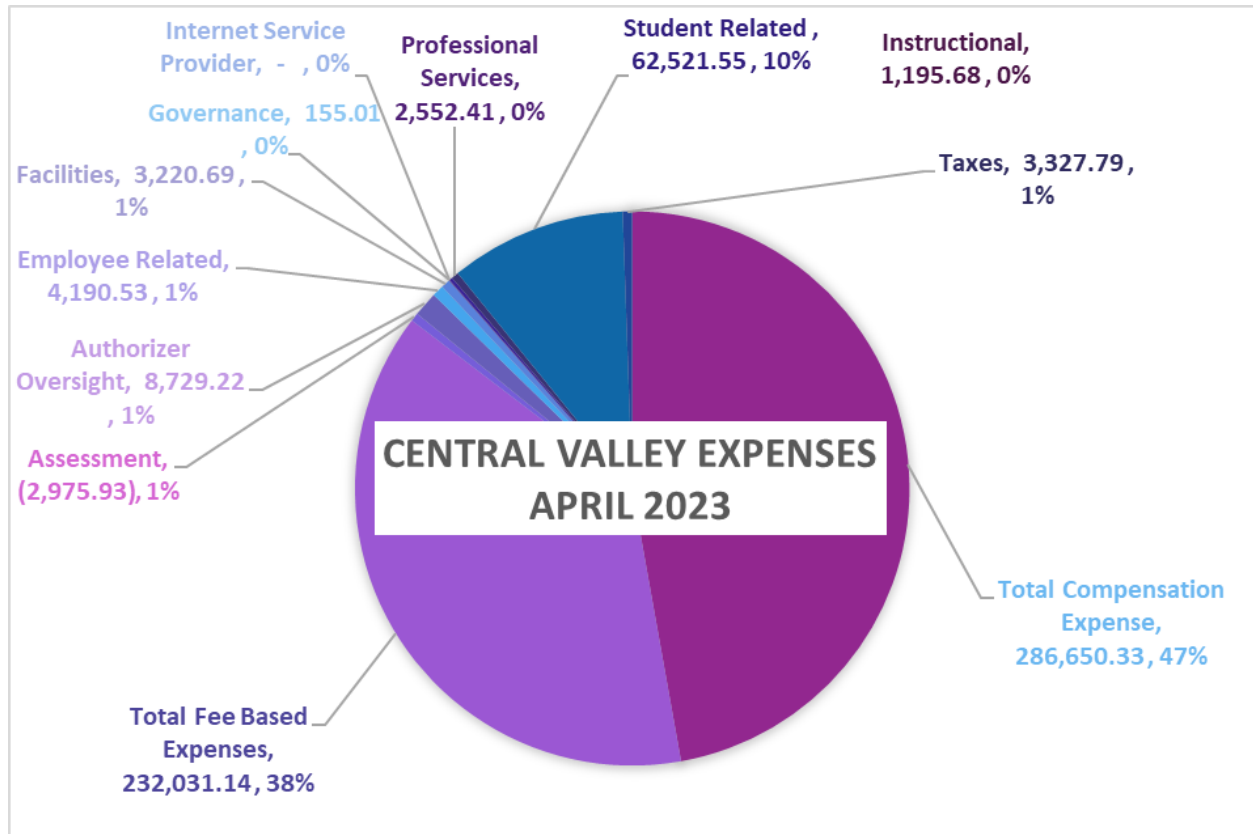
SoCal- During the month of April, SoCal received local and state funding that included LCFF State Aid, LCFF EPA, LCFF Property Tax, Lottery, Mandated Cost Grant, SpED State and ESSER funds. The SoCal expenses at April close were only at 72% of the amount budgeted.

SoCal Revenue vs Expenses April 2023



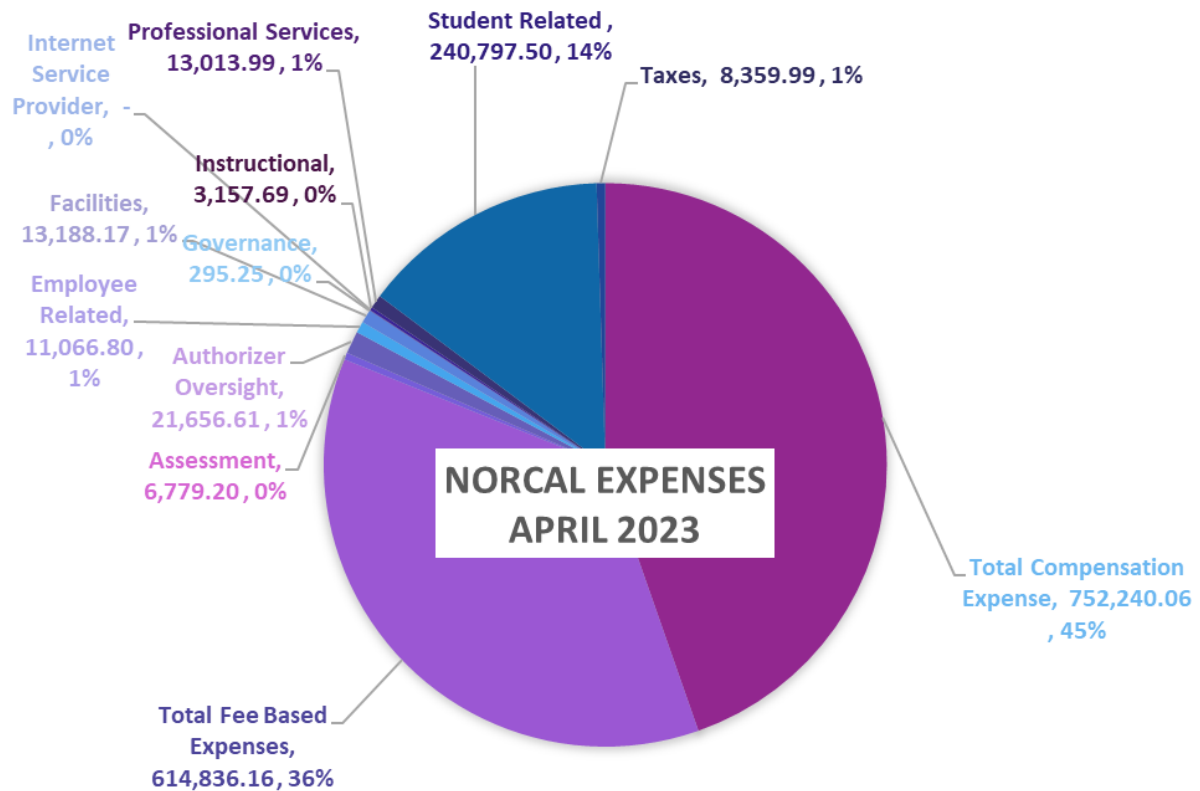
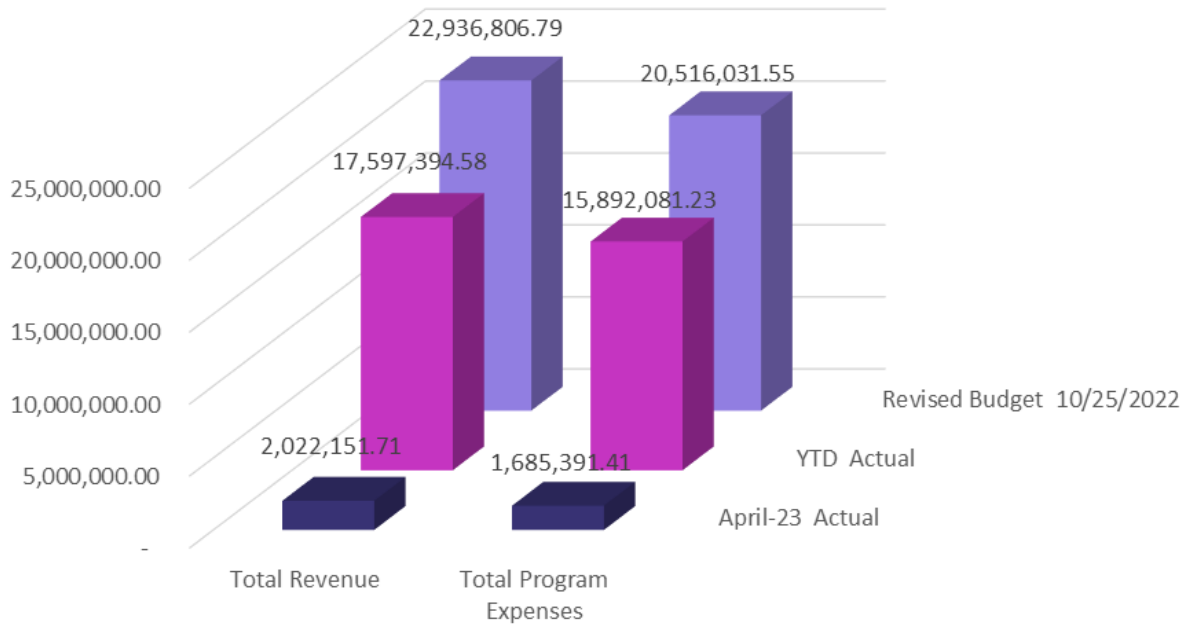
Central Valley- The revenue received by this school in January included: LCFF State Aid, LCFF EPA, Lottery, Mandate Cost Grant, LCFF Property Tax , and SpED State. No Title funding was received. In all, the school has received 75% of their revenue for the year and has expenses 75% of their budget.



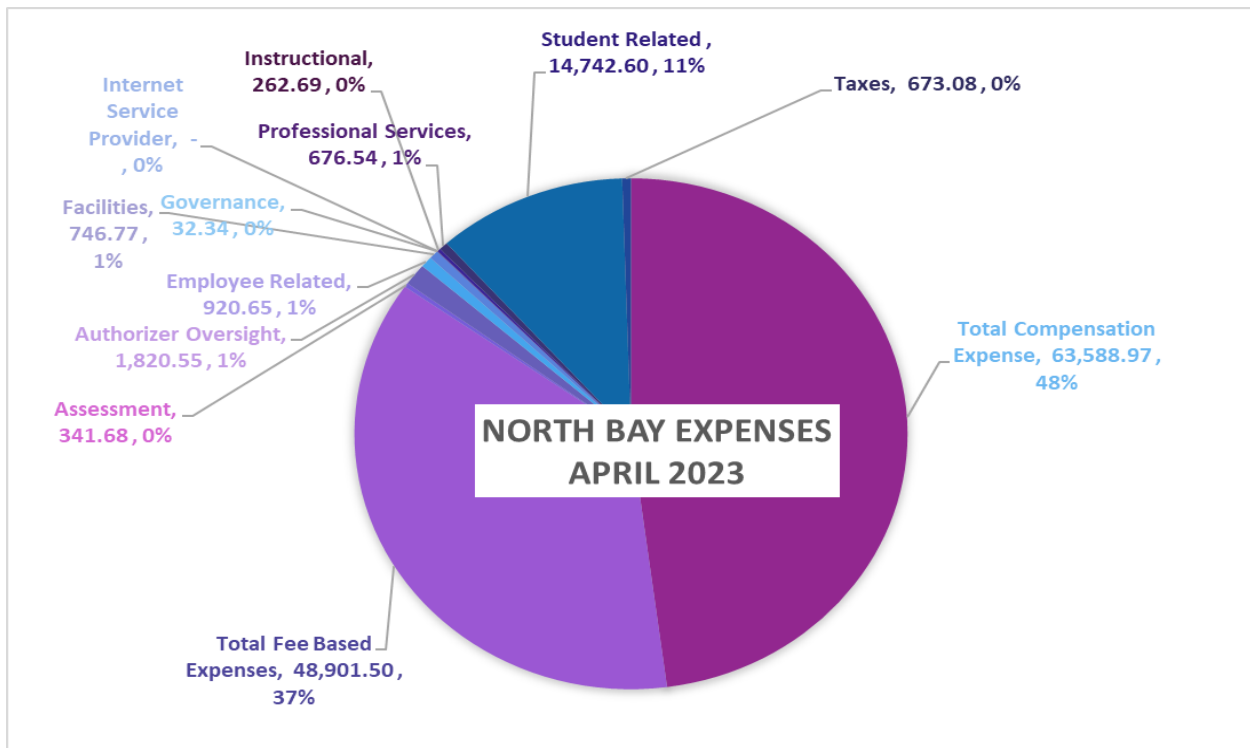
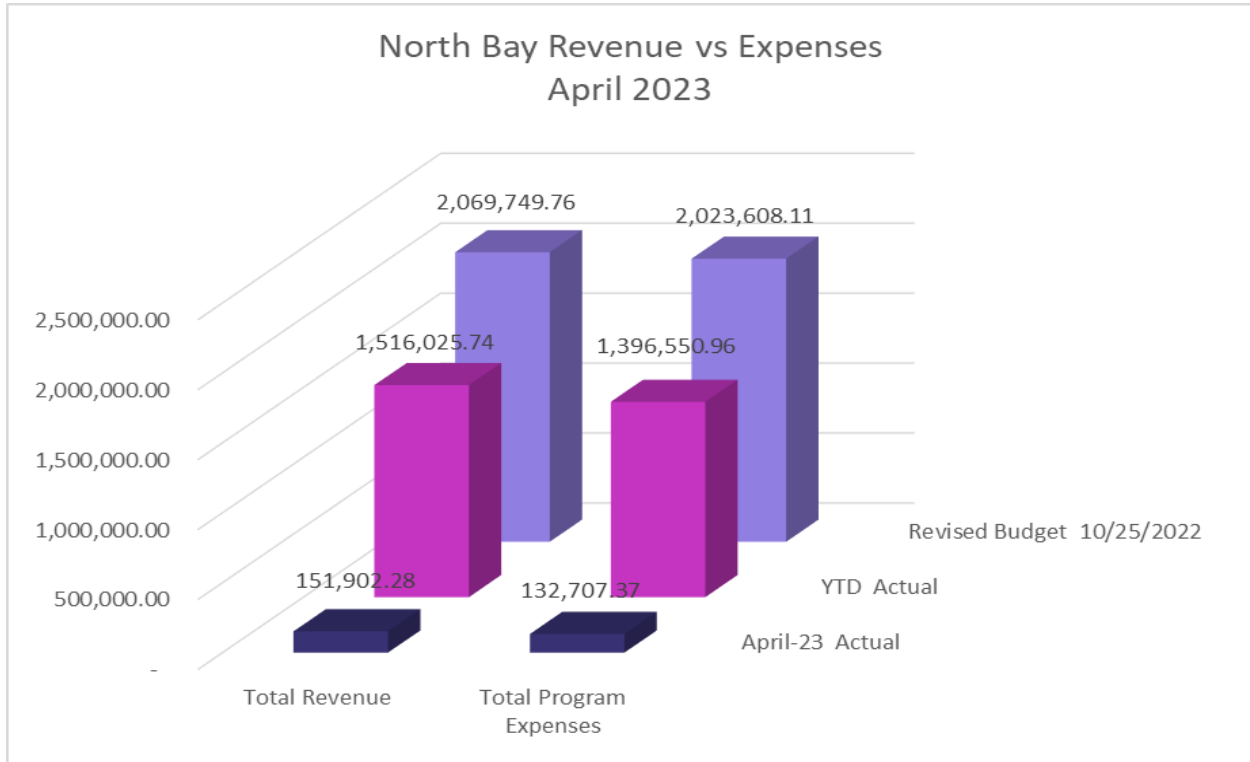


NorCal- The revenue received by this school in January included: LCFF State Aid, LCFF EPA, Lottery, Mandate Cost Grant, SpED State, ERHMS, and ESSER. No Federal Title I, II and IV was received. NorCal has received 77% of its projected revenue and has expenses recorded at 77% of its budget.

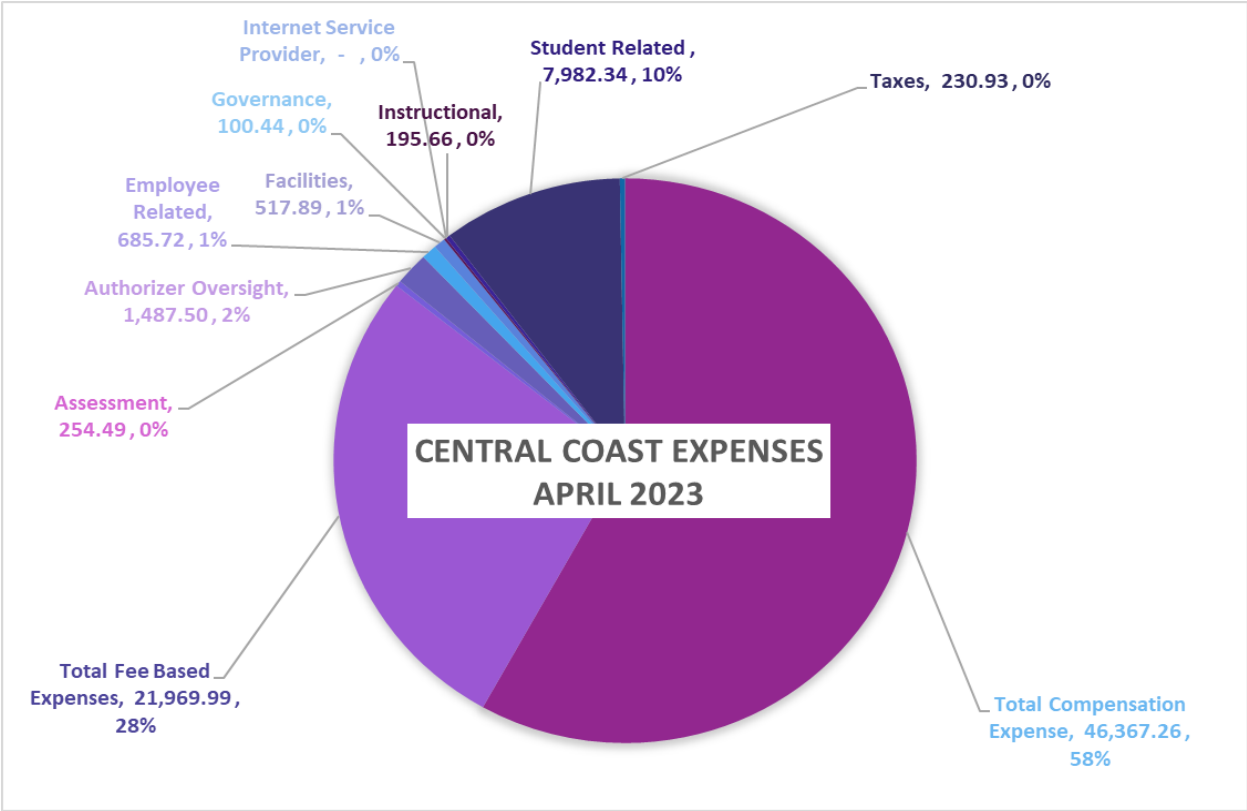
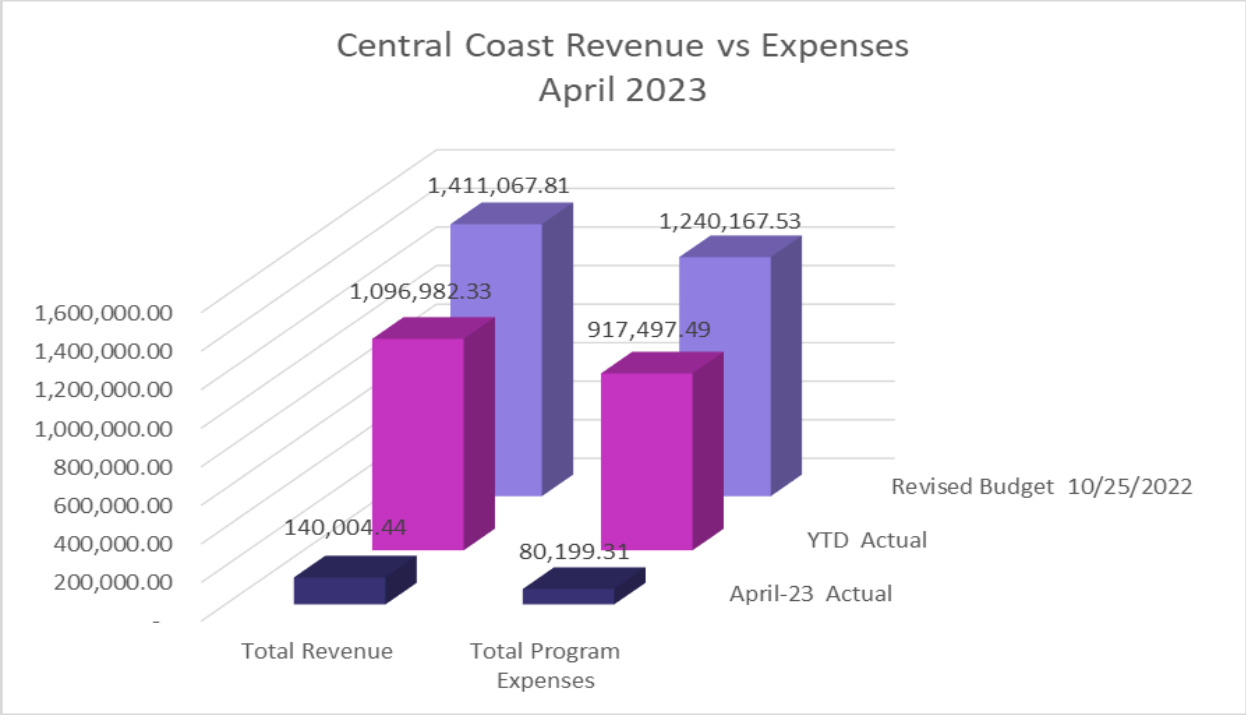
NorCal Revenue vs Expenses April 2023



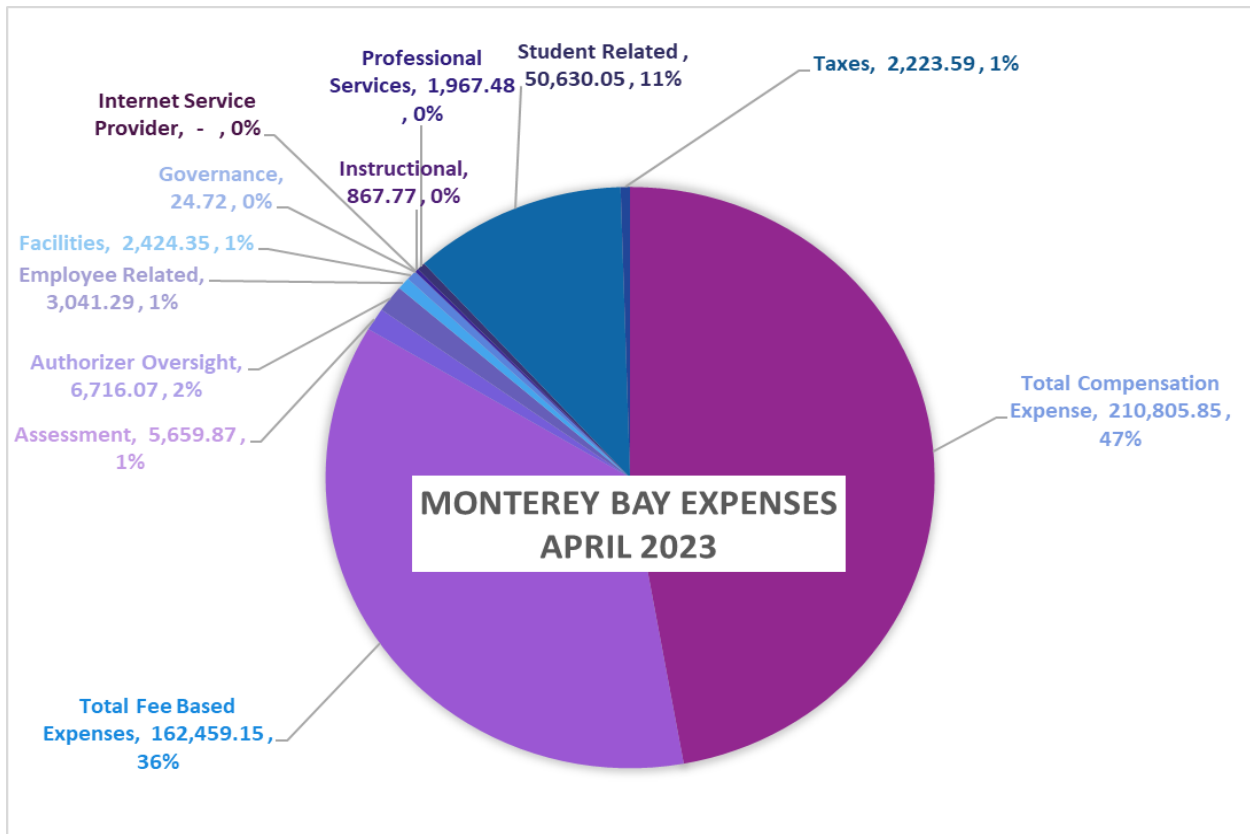
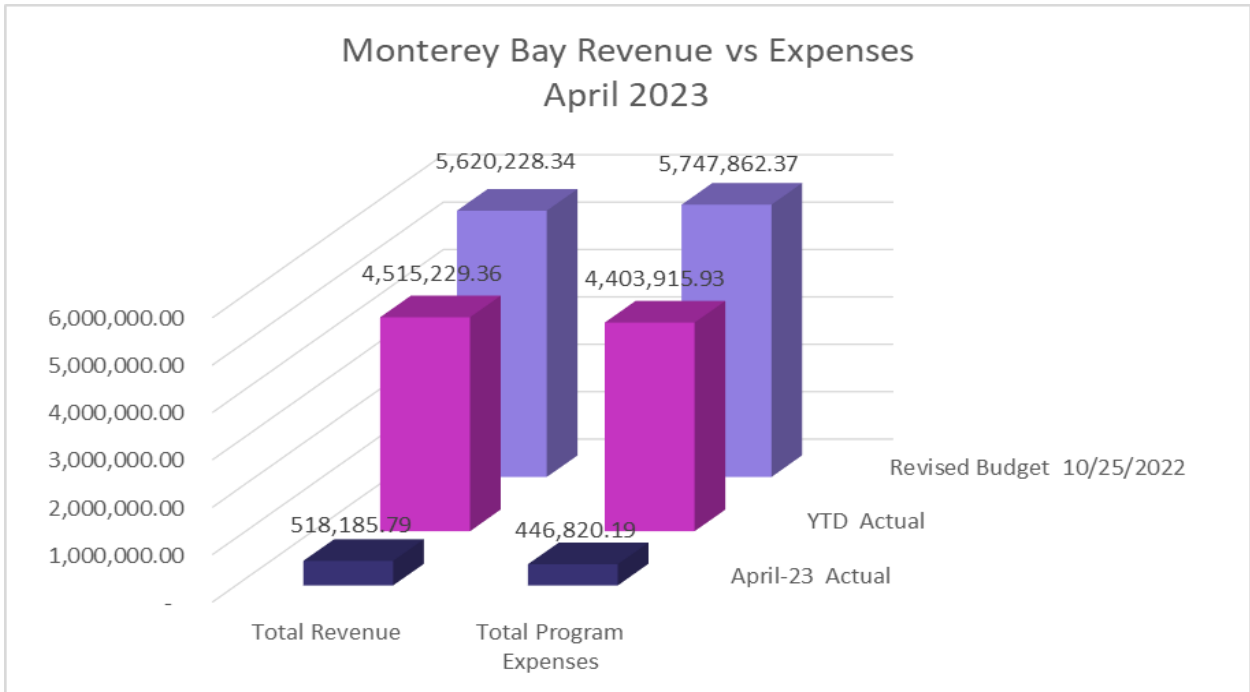
North Bay-The revenue received by this school last month included: LCFF State Aid, LCFF EPA, Lottery, Mandate Cost Grant, SpED State, ERHMS, ESSER and Federal Title II. North Bay’s current year expenses are around 69% and the revenue received is 73% of the projected amount for the school year.



Central Coast-The revenue received by this school in January included: LCFF State Aid, LCFF EPA, Lottery, Mandate Cost Grant, ERHMS and SpED State. The school has received approximately 78% of their projected revenue. Their expenses are about 74% of budgeted for the year.



Monterey Bay- The revenue received by this school last month included: LCFF State Aid, LCFF EPA, Lottery, Mandate Cost Grant, ERHMS and SpED State. For the year they have received 80% of their revenue and have expenditures that total 77% of their budget.



Financial Reports:

Special Education:

The following reports were submitted prior to their deadlines: Expenditure Reports.

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 supposed to be due on Feb 24, 2023 however, it is delayed and just re-open. We are in the process of completing this reporting now.

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. No new providers have entered into contracts or addendums have been created since the last board meeting. We are however working with providers to get information collected to start the 2023-24 Master Contracts.