Community Learning Center Schools

April 2015 Financials, 15-16 Budget Presentation

edtec
Business and Development Specialists for Charter Schools

May 21, 2015

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Financial Presentation

Agenda

- April Financials
  - ACLC
  - Nea
- 14-15 Forecast Update
- Cash Update
- State Budget: May Revise Update
- 15-16 Budget Presentation

1. April Financials

ACLC April Financials

- April In-lieu, Federal Special Ed entitlement and State Lottery rev arrived earlier than expected
- Expenses tracking lower than expected, especially for services
- April activities generated $189K operating income

		Apr	Actual YTD	Budget YTD	Variance (YTD less Budget)
SUMMARY					
Revenue					
	General Block Grant	386,661	1,893,533	1,868,885	24,648
	Federal Revenue	31,422	42,817	8,381	34,435
	Other State Revenues	32,595	194,923	194,799	124
	Local Revenues	(3,316)	2,341	21,190	(18,849)
	Fundraising and Grants	492	108,340	96,092	12,249
	Total Revenue	**447,855**	**2,241,954**	**2,189,346**	**52,607**
Expenses					
	Compensation and Benefits	140,793	1,498,152	1,533,186	35,034
	Books and Supplies	14,923	209,514	205,705	(3,809)
	Services and Other Operating Expenditures	103,513	555,873	767,757	211,884
	Capital Outlay	-	-	-	-
	Total Expenses	**259,229**	**2,263,538**	**2,506,648**	**243,109**
Operating Income (excluding Depreciation)		**188,626**	**(21,585)**	**(317,301)**	**295,717**

Nea April Financials

- April In-lieu, Federal Special Ed entitlement and State Lottery rev arrived earlier than expected
- Expenses tracking lower than expected in all categories
- April activities generated $112K operating income

		Apr	Actual YTD	Budget YTD	Variance (YTD less Budget)
SUMMARY					
Revenue					
	General Block Grant	378,031	2,481,053	2,323,780	157,273
	Federal Revenue	46,274	65,452	16,850	48,602
	Other State Revenues	40,976	269,998	251,092	18,906
	Local Revenues	8,222	53,864	92,845	(38,981)
	Fundraising and Grants	272	96,834	77,302	19,532
	Total Revenue	**473,774**	**2,967,201**	**2,761,869**	**205,332**
Expenses					
	Compensation and Benefits	252,217	2,255,708	2,266,928	11,220
	Books and Supplies	18,617	143,179	178,202	35,022
	Services and Other Operating Expenditures	90,770	751,603	786,049	34,446
	Capital Outlay	-	-	-	-
	Total Expenses	**361,604**	**3,150,490**	**3,231,178**	**80,688**
Operating Income (excluding Depreciation)		**112,171**	**(183,289)**	**(469,309)**	**286,020**

2. 14-15 Forecast Update

ACLC to End 14-15 with about $109K Operating Income

$16K Higher Than Previous Forecast

		Approved Budget	Previous Month's Forecast	Current Forecast	Variance (Previous vs. Current Forecast)
SUMMARY					
Revenue					
	General Block Grant	2,489,751	2,505,652	2,510,487	4,835
	Federal Revenue	55,201	54,235	54,235	-
	Other State Revenues	275,022	288,809	290,380	1,570
	Local Revenues	128,349	130,069	108,201	(21,868)
	Fundraising and Grants	140,948	120,705	120,705	-
	Total Revenue	**3,089,270**	**3,099,471**	**3,084,008**	**(15,463)**
Expenses					
	Compensation and Benefits	1,858,204	1,841,673	1,841,673	-
	Books and Supplies	224,877	257,649	260,754	(3,105)
	Services and Other Operating Expenditures	933,415	907,960	872,945	35,015
	Capital Outlay	-	-	-	-
	Total Expenses	**3,016,496**	**3,007,282**	**2,975,372**	**31,910**
Operating Income (excluding Depreciation)		**72,774**	**92,189**	**108,636**	**16,447**
Operating Income (including Depreciation)		72,774	92,189	108,636	16,447
Fund Balance					
	Beginning Balance (Unaudited)	1,165,037	1,165,037	1,165,037	
	Audit Adjustment	(37,958)	(37,958)	(37,958)	
	Beginning Balance (Audited)	1,127,079	1,127,079	1,127,079	
	Operating Income (including Depreciation)	72,774	92,189	108,636	
Ending Fund Balance (including Depreciation)		**1,199,854**	**1,219,268**	**1,235,715**	

- Expected fund balance of $1.2M (41% of expenses)

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ACLC to End 14-15 with about $109K Operating Income

$16K Higher Than Previous Forecast

- P-2 ADA amended slightly, 14-15 LCFF implementation % updated ($5K)
- Un-accrued SPED Mental Health Shortfall return ($1.7K)
- Local Revenue adjusted to accurately reflect the remainder of the year (-$22K)
  - Food Service Sales (-$2K), Merchandise Sales (-$7K), All Other Local Revenue forecasts (-$5K) removed
  - Field Trip Revenue reduced (-$8K)
- Offset by expense adjustments to reflect end of year spending
  - Special Education Contract Instructors savings (-$37K)
  - CLCS Service Fee removed (-$7K)
  - Increased Student Information System services ($5K)
  - Increased Consultant Services ($3K)
  - Increase Classroom Furniture expense ($1K)
  - Graduation/Dance Committee expenses ($1K)
  - Increased expenses for Education Software ($1K)
  - Marketing (-$500), Leadership Program (-$214)

Nea to End 14-15 with about $26K Operating Income

$14K Higher Than Previous Forecast

		Approved Budget	Previous Month's Forecast	Current Forecast	Variance (Previous vs. Current Forecast)
SUMMARY					
Revenue					
	General Block Grant	3,155,827	3,156,430	3,168,985	12,555
	Federal Revenue	84,691	87,665	104,665	17,000
	Other State Revenues	367,013	388,420	387,868	(552)
	Local Revenues	247,358	212,150	201,941	(10,208)
	Fundraising and Grants	96,628	96,562	96,834	272
	Total Revenue	**3,951,517**	**3,941,227**	**3,960,293**	**19,066**
Expenses					
	Compensation and Benefits	2,759,211	2,757,372	2,749,669	7,703
	Books and Supplies	195,696	170,489	194,539	(24,050)
	Services and Other Operating Expenditures	973,646	1,001,461	990,410	11,051
	Capital Outlay	-	-	-	-
	Total Expenses	**3,928,552**	**3,929,322**	**3,934,618**	**(5,296)**
Operating Income (excluding Depreciation)		**22,965**	**11,905**	**25,676**	**13,771**
Operating Income (including Depreciation)		22,965	11,905	25,676	13,771
Fund Balance					
	Beginning Balance (Unaudited)	1,347,365	1,347,365	1,347,365	
	Audit Adjustment	(83,450)	(83,450)	(83,450)	
	Beginning Balance (Audited)	1,263,915	1,263,915	1,263,915	
	Operating Income (including Depreciation)	22,965	11,905	25,676	
Ending Fund Balance (including Depreciation)		**1,286,880**	**1,275,820**	**1,289,591**	

- Expected fund balance of $1.3M (33% of expenses)

Nea to End 14-15 with about $26K Operating Income

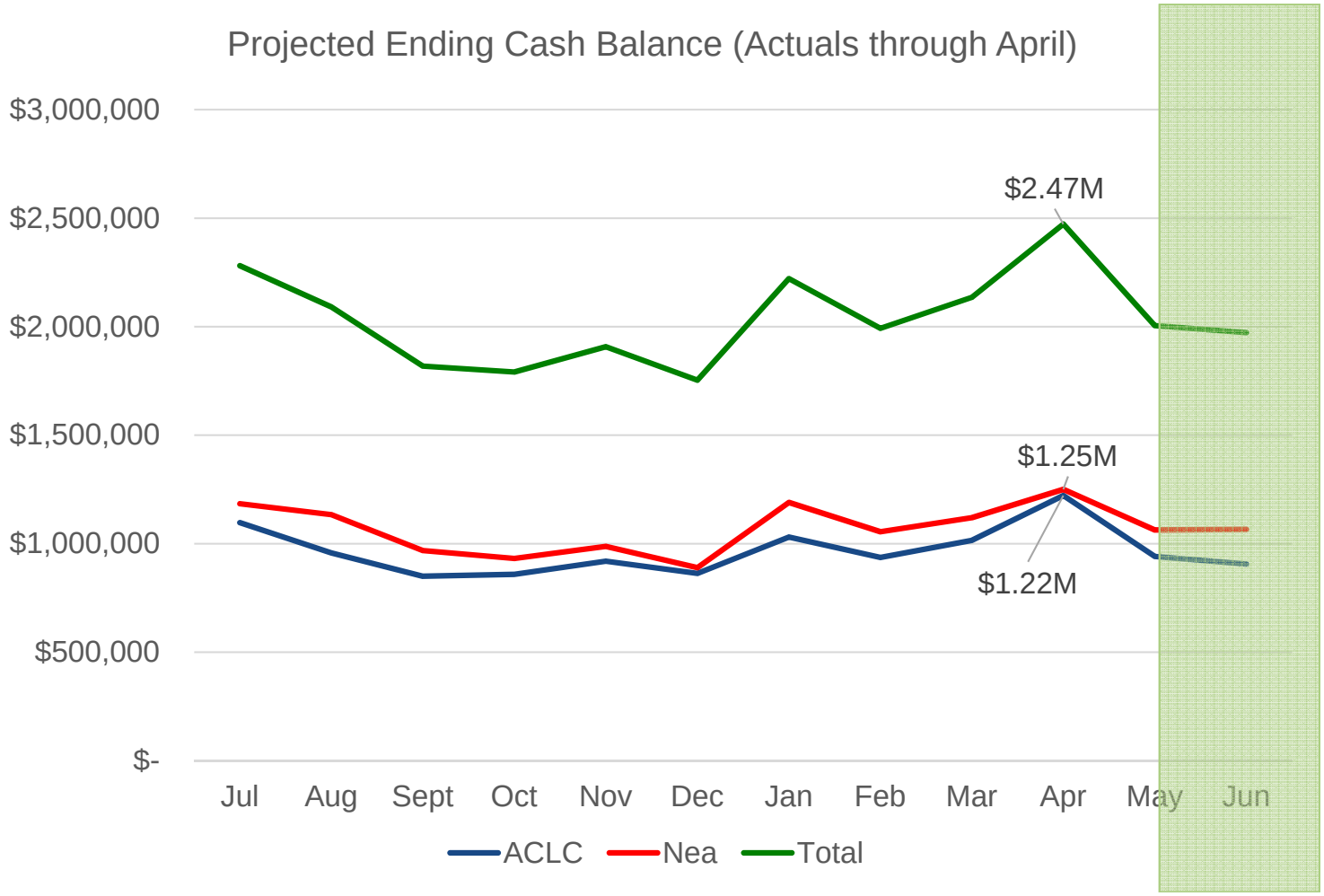
$14K Higher Than Previous Forecast

- P-2 ADA amended slightly, 14-15 LCFF implementation % updated ($13K)
- Un-accrued SPED Mental Health Shortfall return ($2.5K)
- State Lottery revision (-$3.6K)
- Local Revenue adjusted to accurately reflect the remainder of the year
  - Child Nutrition revenue increased on net ($17K fed, $100 state, -$508 local)
  - After School Program Revenue reduced (-$10K)
  - Other: donations, interest ($700)
- Offset by expense adjustments to reflect end of year spending
  - Student Food Services tracking higher than expected ($20K)
  - Increases in compensation ($1.3K), Accounting fees ($1.4K), Legal fees ($4.4K)
  - Expected increases in Field Trip Expenses ($3K), Educational Software expenses ($3.7K), PE Supplies ($350), Marketing ($500), Professional Development ($569)
  - Health benefits (-$9K) and liability insurance (-$10K) scaled down based on actuals
  - CLCS Service Fee removed (-$7K)
  - Misc. Operating Expenses reduced to cover Legal fees (-$4.4K)
  - Other: ADA-related changes ($809)

3. Cash Flow

Spike in Ending Cash in April

Earlier-than-expected state and federal revenues



4. May Revise-State Budget

State Budget Update: Governor's May Revise

With surging revenues and strong economy, the May Revise continues to make significant investments in K-12 education

- Most of the state's increased revenues are directed toward K-12 schools under the Prop 98 funding guarantee. The revised Prop 98 guarantee level is now at $68.4B

- Funding increase will primarily be used for faster LCFF implementation and to pay down deferrals
  - **Allocating additional $2.1B for LCFF implementation–totaling $6.1B–to close approximately 53% of remaining gap to full implementation**
  - Eliminating all inter-year deferrals
  - **Partially offset by reducing COLA for next year down to 1.02% from 1.58%**

- The May Revise also proposed spending on other K-12 programs:
  - **Additional $2.4B to the January budget proposal ($3.5B in total) for one-time Common Core implementation grants ($575/ADA)**
  - Additional $50M funding for SB 740 program to reimburse up to 100% of eligible rent costs and lower the FRPM eligibility threshold to 55%

- The May Revision marks the beginning of the final budget negotiations. State Legislature has until June 15 to approve a budget by a majority vote

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5. 15-16 Budget

15-16 Budgeting Continues

- EdTec working with the school leadership and finance committees to budget for 15-16 school year (Feb-Mar)
- Further revisions made since the last meeting (Apr)
- This draft is near final
  - May Revise of the State Budget incorporated in revenue assumptions
- Budget to be approved and submitted to AUSD in June
- In the fall, the approved budget will be revised:
  - State budget will be approved in July
  - Final hiring decisions will be made over summer/fall
  - Actuals v. estimates

Changes Since the Second Draft

Includes Priorities Identified by Schools; Excludes Potential External Funding

- Recently released FCMAT calculator used to forecast LCFF revenue based on May Revise
  - 2015-16 implementation % at 53.08% (previously 32.19%)
- Nea enrollment changed per school
- Stipends adjusted for staff
- Benefits assumptions updated
  - Medical cost inflation changed to 14%
- Third review of each budget (revenues and expenses)
  - Local revenue assumptions refined; budgets re-aligned with current and future activities (structural changes)
- Portables expenses revised
  - 10-year straight-line depreciation, based on remainder of lease
  - Operating expenses increased to account for portables (e.g., utilities, janitorial)

5a. ACLC Budget Summary

15-16: ACLC Key Revenue Assumptions

Enrollment projected at 395

Grade Level	Students
6	60
7	60
8	60
9	55
10	55
11	53
12	52
TOTAL	**395**

- Enrollment expected to be 395, with 95% attendance
  - ADA goal: 375.25
- LCFF implementation expected to be 53% in 15-16 (FCMAT)
  - $7,800 per ADA ($6,996 in 14-15)

15-16: ACLC Key Expense Assumptions

Compensation and Benefits to Grow approximately 11%

- Growth from additional enrollment, increased support, and transition of services from contractors to in-house staff

	14-15	15-16	Diff
Certificated Salaries	$1.38M	$1.48M	+$102K
Classified Salaries	$149K	$162K	+$13K
Benefits	$309K	$397K	+$87K
Total	**$1.84M**	**$2.04M**	**+$202K**

- Incremental salaried positions
  - Certificated Salaries: 20% FTE Speech, 100% FTE Math and Science Facilitator
  - Classified Salaries: 20% Admissions and Marketing Director, 100% FTE Paraprofessional
  - Benefits: health cost increase at 14%, STRS at 10.73%

15-16: ACLC Key Expense Assumptions

Books and Supplies

- Decreased expenditures in textbooks and computers
  - Computer purchases in particular front-loaded to 14-15 ($24K increase from 14-15 approved budget)

	14-15	15-16	Diff
Approved Textbooks & Core Curricula	$31K	$26K	-$5K
Books & Other Reference Materials	$16K	$13K	-$2.5K
Materials & Supplies	$86K	$92K	+$6K
Non-capitalized Equip.	$108K	$78K	-$30K
Food	$21K	$22K	+$1.6K
Total	**$261K**	**$231K**	**-$29.5K**

- Overall ~11% *decrease* in spending

15-16: ACLC Key Expense Assumptions

Services and Other Operating Expenses

- Increased expenditures largely due to additional NPS student

	14-15	15-16	Diff
Travel & Conferences	$6.2K	$6.7K	+$500
Dues & Membership	$6K	$6.2K	+$275
Insurance	$29.8K	$31.6K	+$1.8K
Ops. & Housekeeping	$71K	$65K	-$6K
Rentals, Leases, Repairs	$37K	$38K	+$1K
Other Serv. & Expense	$698K	$749.4K	+$51.4K
Communications	$25.6K	$26.7K	+$1K
Total	**$873K**	**$923K**	**+$50K**

- Overall ~6% increase in spending

5b. Nea Budget Summary

15-16: Nea Key Revenue Assumptions

Enrollment projected at 524

Grade Level	Students
K	48
1	48
2	40
3	52
4	52
5	52
6	30
7	38
8	30
9	45
10	34
11	28
12	27
TOTAL	**524**

- Enrollment expected to be 524, with 95% attendance (previously at 515)
  - ADA goal: 497.8
- LCFF implementation expected to be 53% in 15-16 (FCMAT)
  - $7,690 per ADA ($6,880 in 14-15)

15-16: Nea Key Expense Assumptions

Compensation and Benefits to Grow approximately 16%

- Growth from additional enrollment, increased support, and transition of services from contractors to in-house staff

	14-15	15-16	Diff
Certificated Salaries	$2M	$2.19M	+$185K
Classified Salaries	$240K	$344K	+$104K
Benefits	$505K	$660K	+$155K
Total	**$2.75M**	**$3.19M**	**+$444K**

- Incremental salaried positions
  - Certificated Salaries: 80% FTE Speech, 25% FTE ASL Teacher, 2nd Assistant Lead Facilitator
  - Classified Salaries: 30% Admissions and Marketing Director
  - Benefits: health cost increase at 14%, STRS at 10.73%

15-16: Nea Key Expense Assumptions

Books and Supplies

- Increased expenditures in instructional materials and supplies, office supplies, and computers

	14-15	15-16	Diff
Approved Textbooks & Core Curricula	$3.4K	$1.6K	-$1.8K
Books & Other Reference Materials	$8.5K	$9.5K	+$1K
Materials & Supplies	$82K	$104.3K	+$22K
Non-capitalized Equip.	$47K	$49K	+$2K
Food	$53K	$59K	+$6K
Total	**$195K**	**$224K**	**+$29K**

- Overall ~15% increase in spending

15-16: Nea Key Expense Assumptions

Services and Other Operating Expenses

- Decrease expenditures largely due to smaller Special Education Contract Instructor budget—this role will move in-house

	14-15	15-16	Diff
Travel & Conferences	$8K	$6K	-$2K
Dues & Membership	$7.2K	$7.4K	+$215
Insurance	$28K	$43K	+$15K
Ops. & Housekeeping	$77K	$95K	+$18K
Rentals, Leases, Repairs	$28K	$52K	+$23.2K
Other Serv. & Expense	$824K	$731K	-$93K
Communications	$17K	$20K	+$3K
Total	**$990K**	**$954K**	**-$36K**

- Overall ~4% decrease in spending

5c. Budget Summaries

15-16: ACLC Budget Summary

		2014/15	2015/16
		Current Forecast	Preliminary Budget
SUMMARY			
Revenue			
	General Block Grant	2,510,487	2,926,979
	Federal Revenue	54,235	59,878
	Other State Revenues	290,380	304,717
	Local Revenues	108,201	85,033
	Fundraising and Grants	120,705	59,127
	Total Revenue	**3,084,008**	**3,435,733**
Expenses			
	Compensation and Benefits	1,841,673	2,043,481
	Books and Supplies	260,754	231,263
	Services and Other Operating Expenditures	872,945	922,861
	Capital Outlay	-	280,000
	Total Expenses	**2,975,372**	**3,477,606**
Operating Income (excluding Depreciation)		**108,636**	**(41,872)**
Operating Income (including Depreciation)		108,636	210,128
Fund Balance			
	Beginning Balance (Unaudited)	1,165,037	1,235,715
	Audit Adjustment	(37,958)	-
	Beginning Balance (Audited)	1,127,079	1,235,715
	Operating Income (including Depreciation)	108,636	210,128
Ending Fund Balance (including Depreciation)		**1,235,715**	**1,445,843**
Ending Fund Balance as a % of Expenses		***42%***	***42%***

- Operating Income excluding Depreciation: -$42K
- Operating Income including Depreciation: $210K
- Capital Outlay: $280K
- Depreciation $28K each year for 10 years

15-16: Nea Budget Summary

		2014/15	2015/16
		Current Forecast	Preliminary Budget
SUMMARY			
Revenue			
	General Block Grant	3,168,985	3,828,284
	Federal Revenue	104,665	99,471
	Other State Revenues	387,868	347,237
	Local Revenues	201,941	177,233
	Fundraising and Grants	96,834	96,855
	Total Revenue	**3,960,293**	**4,549,081**
Expenses			
	Compensation and Benefits	2,749,669	3,193,551
	Books and Supplies	194,539	223,979
	Services and Other Operating Expenditures	990,410	954,261
	Capital Outlay	-	420,000
	Total Expenses	**3,934,618**	**4,791,791**
Operating Income (excluding Depreciation)		**25,676**	**(242,710)**
Operating Income (including Depreciation)		25,676	135,290
Fund Balance			
	Beginning Balance (Unaudited)	1,347,365	1,289,591
	Audit Adjustment	(83,450)	-
	Beginning Balance (Audited)	1,263,915	1,289,591
	Operating Income (including Depreciation)	25,676	135,290
Ending Fund Balance (including Depreciation)		**1,289,591**	**1,424,881**
Ending Fund Balance as a % of Expenses		***33%***	***30%***

- Operating Income excluding Depreciation: -$243K
- Operating Income including Depreciation: $135K
- Capital Outlay: $420K
- Depreciation: $42K each year for 10 years

Opportunities and Threats to the 15-16 Budgets

- Opportunities
  - Funding rates still preliminary
    - One-time revenue of ~ $575/ADA for Common Core/flex-spending
  - Exceeding fundraising goal
    - Pending grant applications
- Threats
  - Staffing to meet needs
    - Additional contractor services may be needed (at higher rates) if unable to recruit the needed positions
    - Transitions
  - Not meeting ADA projections
    - Attrition
    - Attendance
    - Free/reduced lunch demographics
  - Unidentified need for special education services
  - Not meeting fundraising goal
  - Funding rates still preliminary

Additional Backup Slides

Proposed Changes to 15-16 CLCS Payroll

Certain services outsourced while others brought in-house

- New proposed positions
  - Full-time
    - Technologies and Facilities Coordinator
    - Speech Specialist (80%/20% Nea/ACLC)
    - *Math/Science Facilitator (ACLC)*
    - Student Behavior Coordinator (Nea)
    - School Manager (Nea)
    - *Additional Assistant Lead Facilitator (Nea)*
  - Part-time
    - *Admissions and Marketing Director*
    - *SPED Coordinator (ACLC)*
    - *CTE Van Driver (Nea)*
- Retired positions
  - Assistant to Executive Director
  - Office Manager UV (Nea)
  - PT Counselor (ACLC)
  - After-school Rock Band (ACLC)
- Reduction in Contract Services
  - SPED Contractor budget
  - Technology Services
- Increases to Contractor Services
  - Counselor hours (ACLC)
  - After-school Rock Band (ACLC)

Note: Incremental additions italicized

Proposed Changes to Other Expenses

Preliminary, subject to changes

- Proposed addition of Admissions software ($10K) and HR software ($5K)
- Legal Fees increased to $50K at both schools
- Marketing and Student Recruiting budget increases at both schools ($10K ACLC, $17K Nea)
- Additional training for staff ($3K)
- Nea: CTE expenses not included in payroll ($63K)
- Nea: Internal moving expenses ($3K)