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Business and Development
Specialists for Charter Schools

Community Learning Center Schools

Financial Presentation

State Budget Update,
October Financials and Budget Forecast Update

November 29, 2012

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Agenda

- State Budget Update
- October Financials
  - ACLC
  - Nea
- October Cash Flow Forecast
  - ACLC
  - Nea
  - Combined

Prop 30 Passes!

With the passing of Proposition 30 funding for California schools is preserved

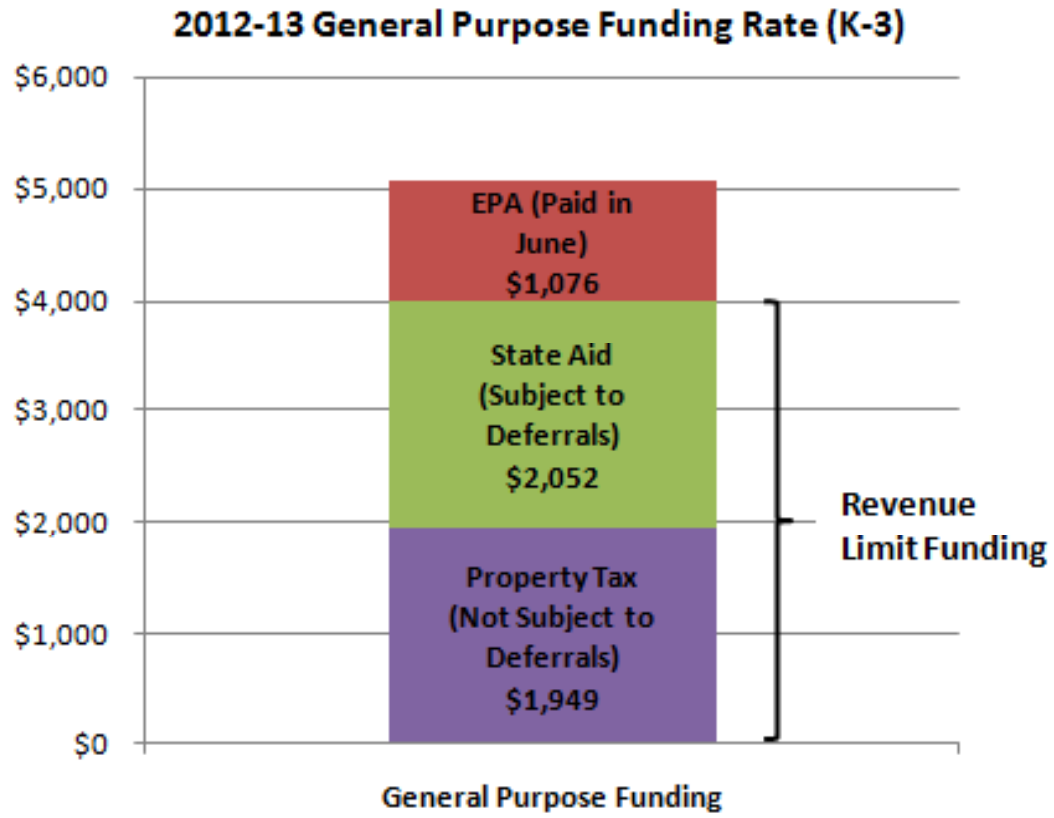
- Trigger cuts of $455 per ADA will not be made as Prop 30 is expected to raise an additional $6.9B that goes to the Education Protection Account
- General Purpose funding will now come from two separate sources
  - Revenue limit funding – Traditional source of GP funding, consisting of State Aid and Property tax will provide about 80% of funding
    - State Aid amount will be reduced by the amount that is coming from newly created Education Protection Account and is still subject to state deferrals
    - Property Tax amounts will not be reduced by the new funding system and are not subject to deferrals
  - Education Protection Account – Newly created source of school funding that will provide roughly 20% of school funding and will be paid entirely on June 20th

2012-13 California Budget

With taxes passing, $455 trigger cut will not be implemented

Funding Rates	K-3	4-6	7-8	9-12
Revenue Limit	$ 4,000	$ 4,061	$ 4,159	$ 4,845
Education Protection Act	$ 1,076	$ 1,092	$ 1,119	$ 1,303
Total GP Funding	**$ 5,076**	**$ 5,153**	**$ 5,278**	**$ 6,148**

- Cuts will not be made to total general purpose funding, but 21% of general purpose funding will now come from the Education Protection Account



October Financial Update - ACLC

Projected annual operating income increased from $78K in September to $189K in October

- Revenue increased by $123K, due primarily to increased General Purpose funding rates from passage of Prop 30
  - General Block Grant increased $121K
  - Newly published information on State lottery rate, increased lottery revenue forecast $2K
- Expenses increased by $12K, driven largely by revenue dependent expenses
  - $6.5K increase in salaries and benefits for counselor, offset by $5K decrease in consultant fees.
  - $1K increase in books and supplies, including increase to custodial supplies, educational software and decrease to instructional materials and uniforms.
  - Services and operating expenses increased $4K
    - Revenue driven expenses include $4.5K in business services, $3.5K in district oversight fees
    - Shifted $5K in consultant fees to salaries
    - $1K increase for student assessment (PSAT Testing)
  - Executive director is exploring change to health benefit provider – and this would create savings for ACLC.

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October Financial Update - ACLC

Increase in operating income to $189K puts ACLC's operating income at over 9% of expenses for the year.

		Budget				
		Approved Budget	September Forecast	Current Forecast	Variance (Budget vs. Current Forecast)	Forecast Remaining
SUMMARY						
Revenue						
	General Block Grant	1,591,241	1,539,606	1,661,073	69,832	1,404,692
	Federal Revenue	49,439	49,295	49,295	(145)	48,864
	Other State Revenues	313,507	316,429	317,606	4,099	279,086
	Local Revenues	110,205	112,190	112,258	2,053	107,323
	Fundraising and Grants	20,000	52,187	52,187	32,187	30,723
	Total Revenue	**2,084,393**	**2,069,706**	**2,192,418**	**108,026**	**1,870,688**
Expenses						
	Compensation and Benefits	1,527,542	1,511,910	1,518,498	9,044	1,069,308
	Books and Supplies	113,119	106,012	107,215	5,904	54,454
	Services and Other Operating Expenditures	382,632	373,721	377,867	4,765	313,375
	Capital Outlay	-	-	-	-	-
	Total Expenses	**2,023,293**	**1,991,643**	**2,003,580**	**19,713**	**1,437,137**
Operating Income (excluding Depreciation)		**61,100**	**78,063**	**188,839**	**127,739**	**433,551**
Operating Income (including Depreciation)		61,100	78,063	188,839	127,739	433,551
Fund Balance						
	Beginning Balance (Unaudited)	-	832,449	832,449		
	Audit Adjustment	-	-	0		
	Beginning Balance (Audited)	-	832,449	832,450		
	Operating Income (including Depreciation)	61,100	78,063	188,839		
Ending Fund Balance (including Depreciation)		**61,100**	**910,513**	**1,021,289**		

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October Financial Update - Nea

Projected annual operating income increased from $83K in September to $284K in October

- Revenue increased by $221K, due primarily to increased General Purpose funding rates from passage of Prop 30
  - General Block Grant increased $210K
  - Newly published information on State lottery rate, increased lottery revenue forecast $2K
  - Local revenues increase by $9K due to $6K from field trips, $2K from school supplies
- Expenses increased by $20K, driven largely by revenue dependent expenses
  - No change in compensation and benefits
  - No change in books and supplies.
  - Services and other operating expenses increased by $8K
    - Revenue driven expenses include $8K in business services, $6K in district oversight
    - $5K increase in special education contractors, should be reimbursed by State mental health revenues
    - ~$0.5K increase for conference fees, subscriptions, after school expenses, cell phone fees
- Executive director is exploring change to health benefit provider – and this would create savings for Nea.

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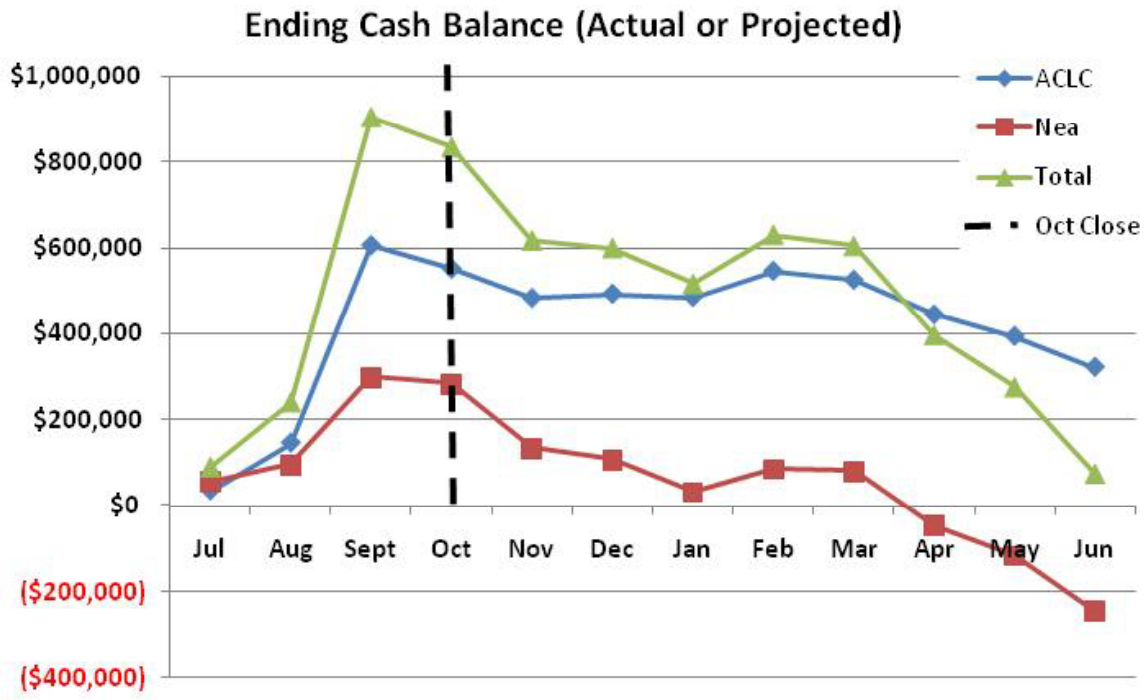
October Financial Update - Nea

Increase in operating income to $284K puts Nea's operating income at over 8% of expenses for the year.

		Budget				
		Approved Budget	September Forecast	Current Forecast	Variance (Budget vs. Current Forecast)	Forecast Remaining
SUMMARY						
Revenue						
	General Block Grant	2,506,272	2,502,613	2,712,520	206,249	2,319,894
	Federal Revenue	87,612	84,221	84,221	(3,390)	83,172
	Other State Revenues	603,233	601,915	603,944	711	528,767
	Local Revenues	196,172	204,326	213,458	17,286	171,304
	Fundraising and Grants	63,000	77,167	77,227	14,227	20,984
	Total Revenue	**3,456,289**	3,470,243	**3,691,371**	**235,082**	**3,124,121**
Expenses						
	Compensation and Benefits	2,549,408	2,597,437	2,597,437	(48,029)	1,844,459
	Books and Supplies	168,732	152,755	152,812	15,919	81,057
	Services and Other Operating Expenditures	604,574	636,915	656,592	(52,018)	546,959
	Total Expenses	**3,322,714**	3,387,107	**3,406,842**	**(84,128)**	**2,472,475**
Operating Income (excluding Depreciation)		**133,575**	**83,136**	**284,529**	**150,954**	**651,646**
Operating Income (including Depreciation)		133,575	83,136	284,529	150,954	651,646
Fund Balance						
	Beginning Balance (Unaudited)	-	593,868	593,868		
	Audit Adjustment	-	-	(2,088)		
	Beginning Balance (Audited)	-	593,868	591,780		
	Operating Income (including Depreciation)	133,575	83,136	284,529		
Ending Fund Balance (including Depreciation)		**133,575**	**677,003**	**876,309**		

Cash Flow - CLCS

Prop 30 deferral schedule puts strain on cash flow in the Spring. However, with receipt of Alameda parcel tax revenue in June, ACLC should be able to cover Nea's cash deficit from April through June.

- Ending cash balances for October were $550K and $283K at ACLC and Nea, respectively.
- Alameda Parcel tax revenues now forecasted to arrive in June, which closes some of the cash flow gap from the EPA deferral.
- Nea forecasted to remain cash positive through rest of calendar year, and will likely need to borrow from ACLC from April through June.
- Some 2011/12 Property taxes ($81K) and state lottery revenues ($22K) and federal special ed revenues ($22K) still not received. These revenues are forecasted in December and January.