

NOCCS Charter School

Financial Presentation



April 20, 2017

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Financial Presentation Agenda



Previous Board Meeting's Recap

- Governor's Budget Update
- Current December Financials

Tonight's Meeting Topics

- March Financials Update
- Budget Draft

Current Financials

March Forecast Update

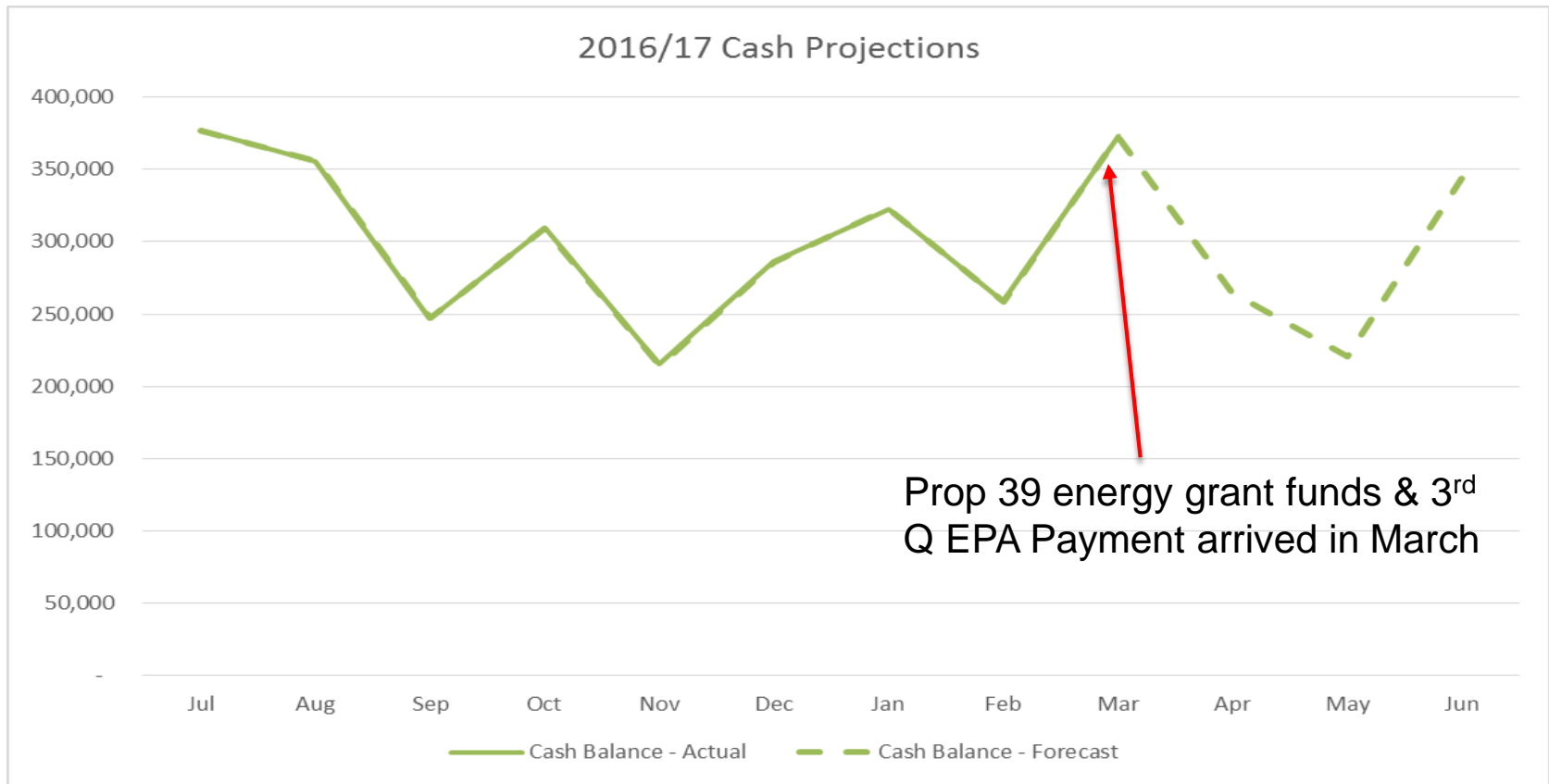
Projected operating income increased by \$2K since previous month to \$111K and \$64K without prop 39 budget

- Revenues increased by \$18K. Highlights include:
 - Added \$17K for mental health revenues. This amount was recently revised due to student needs.

- Expenses increased by \$16K. Highlights include:
 - Added \$26K in special ed expenses due to support needs. Partially offset by decreases in other classified staff staffing.

Cash Flow

Cash Flow remains healthy for remainder of the year. Still forecasting \$160K in PEC funding to arrive in June.



2017-18 Budget and MYP

2017-18 Budget Development

Process for budget development begins in late winter / early spring, with budget approval by the board in May



When	What	Key Inputs / Notes
January/ February	Early work to develop assumptions	<ul style="list-style-type: none">▪ Enrollment & staffing plan (school leadership)▪ Revenue assumptions (EdTec; Governor's Proposal)▪ Expenditures assumptions based on trends from previous years, expected growth, program plans (EdTec/leadership)
March / April	Revisions	<ul style="list-style-type: none">▪ Finance Committee meetings▪ Updated assumptions and projections with latest information
April board meeting	Board update & first complete draft	<ul style="list-style-type: none">▪ Board will review first draft of 3-year projections▪ Presentation will include key budget assumptions to date
April / May	Final revisions	<ul style="list-style-type: none">▪ Board feedback▪ Updates on any areas of uncertainty▪ May State Budget revision, if possible
May board meeting	Board approval	<ul style="list-style-type: none">▪ Final 3-year budget proposal is presented▪ Board votes (after approval of LCAP) – subsequent submission to District
June	State Budget is passed	<ul style="list-style-type: none">▪ Changes incorporated over summer



3-Year Budget: First Draft

First draft of 3-year budget showing \$64K in operating income in 17-18 (without including prop 39 depreciation)

	2016/17	2017/18	2018/19	2019/20
	Current Forecast	Preliminary Budget	Preliminary Budget	Preliminary Budget
SUMMARY				
Revenue				
LCFF Entitlement	1,621,483	1,739,703	1,835,531	1,916,301
Federal Revenue	64,587	78,360	82,002	84,385
Other State Revenues	437,902	342,608	339,219	341,801
Local Revenues	97,258	103,018	106,368	109,626
Fundraising and Grants	314,400	320,087	325,800	327,018
Total Revenue	2,535,630	2,583,776	2,688,921	2,779,131
Expenses				
Compensation and Benefits	1,527,476	1,653,500	1,740,873	1,788,600
Books and Supplies	76,152	91,293	83,654	82,254
Services and Other Operating Expenditure	817,776	775,407	798,285	821,951
Depreciation	3,212	19,600	19,600	33,377
Total Expenses	2,424,617	2,539,800	2,642,412	2,726,182
Operating Income	111,013	43,976	46,509	52,949
Operating Income without Prop 39 Budget	64,225	63,576	66,109	86,326
Fund Balance				
Beginning Balance (Unaudited)	490,901	601,914	645,890	692,399
Operating Income	111,013	43,976	46,509	52,949
Ending Fund Balance (including Depreciation)	601,914	645,890	692,399	745,347
Ending Fund Balance as a % of Expenses	25%	25%	26%	27%
Capital Outlay				
Special Ed Reserve	107800	172800	237800	250000
Capital Campaign Reserve	90787.47	90787.47	90787.47	90787.47
Prop 39 Temporarily Restricted Amount	163,675	144,075	124,475	91,098
Ending Fund Balance (Unrestricted)	206,632	238,228	239,336	313,462

FY17-FY19 LCFF Rates

Revenue projections heavily dependent on state budget;
Current expectation of 23.67% LCFF implementation in FY17-18



LCFF Implementation				
	CY	Y1	Y2	Y3
	FY 2017	FY 2018	FY 2019	FY 2020
Implementation % Towards Goal	55.28%	23.67%	53.85%	68.94%
Total Effective Implementation %	87.0%	90.0%	95.4%	98.6%
Rate / ADA	7,617	7,694	7,984	8,301



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



	2016-17	2017-18	2018-19	2019-20
Enrollment	<u>224</u> K-5 th : 144/grade 6 th -8 th : 80/grade	<u>238</u> K-5 th : 150/grade 6 th -8 th : 88/grade	<u>242</u> K-5 th : 150/grade 6 th -8 th : 92/grade	<u>243</u> K-5 th : 150/grade 6 th -8 th : 93/grade
ADA	<u>226.1</u> 95% attendance	<u>229.9</u> 95% attendance	<u>230.9</u> 95% attendance	<u>230.9</u> 95% attendance
Unduplicated Count	65	70	71	71

Revenue: Other State and Local

Revenue projections show very little increase in revenues in 17-18



	2016-17	2017-18	2018-19	2019-20
Special Ed per ADA	Federal - \$129 State - \$507	Federal - \$131 State - \$507	Federal - \$134 State - \$507	Federal - \$137 State - \$507
Lottery per ADA	\$189 per ADA	\$192 per ADA	\$196 per ADA	\$201 per ADA
Mental Health	17K	0K	0K	0K
SB740	\$750 per ADA	\$750 per ADA	\$750 per ADA	\$750 per ADA
One-Time Funding	\$224 per PY ADA	\$62 per PY ADA	\$14 per PY ADA	\$14 per PY ADA
G1 Funds	\$0	9K	9K	10K
PEC Grant	\$160K	160K	160K	160K
Fundraising	134K	140K	145K	146K

Expenses: Certificated Staff

Additional 2% in 17-18 and each year thereafter for all staff. Other change due to bringing more staff in-house and offset in consulting line.

Staff	2016-17	2017-18	2018-19	2019-20
Teachers	9.3	10	10	10
Certificated Administrators	1.9	1.9	1.9	1.9
Certificated Support (SpEd)	1.2	1.2	1.2	1.2
Stipends/Substitutes	\$11K	\$31K	\$31K	\$32K

Expenses: Classified Staff

Slight changes to classified staff



Staff	2016-17	2017-18	2018-19	2019-20
Instructional Aides	4	4	5	5
Sped Classified	1.1	1.6	1.6	1.6
Admin/Supervisors	3.8	3.1	3.1	3.1
Electives/After School	2	2.4	2.4	2.4

Expenses

Overall slight decrease in spending due to bringing some positions in-house



□ **Books and Supplies**

- Added \$14K in curriculum and furniture to accommodate student growth
- Most other expenses stayed fairly in line with 16-17 spending

□ **Services and Operating Expenses**

- Instructional consultants was reduced from \$75 to \$31K as more consulting positions brought in-house
- Special ed contract instructors reduced by \$12K
- Other expenses in line with 16-17 spending or slightly higher due to growth

□ **Capital Outlay**

- \$20K included for depreciation on Prop 39 Solar Project

Fund Balance

Purpose of fund balance is to protect school from unforeseen events and help achieve strategic plans



Cash Reserves

- **Lumpy Cash Flow:** Payments are small at beginning of year when expenses are greatest
- **Deferrals** State budget is “cash based” so to manage expenses, State might delay payments

Unforeseen Revenue or Expense Changes

- **Inherent risk:** For some budget categories, exact values neither known nor controllable
 - **ADA!**
 - Donations
 - Staff turnover
 - Special Ed
 - Legal

Strategic Objectives

- **Facilities:** To support growth, sustainability, or stability
- **Programmatic Investment**
- **Growth:** Cash flow/facilities/risk associated with growth may require additional reserves

Opportunities / Uncertainties

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



1

Enrollment
projections and
attendance rates

2

Staffing

3

Funding Rates

4

Deferrals