Santiago Charter Middle School

Financial Presentation for June 24th, 2024

Provided By: ICON School Management

Board Financial Presentation

Today’s Agenda

1. State Budget Updates
2. Preliminary Budget Summary

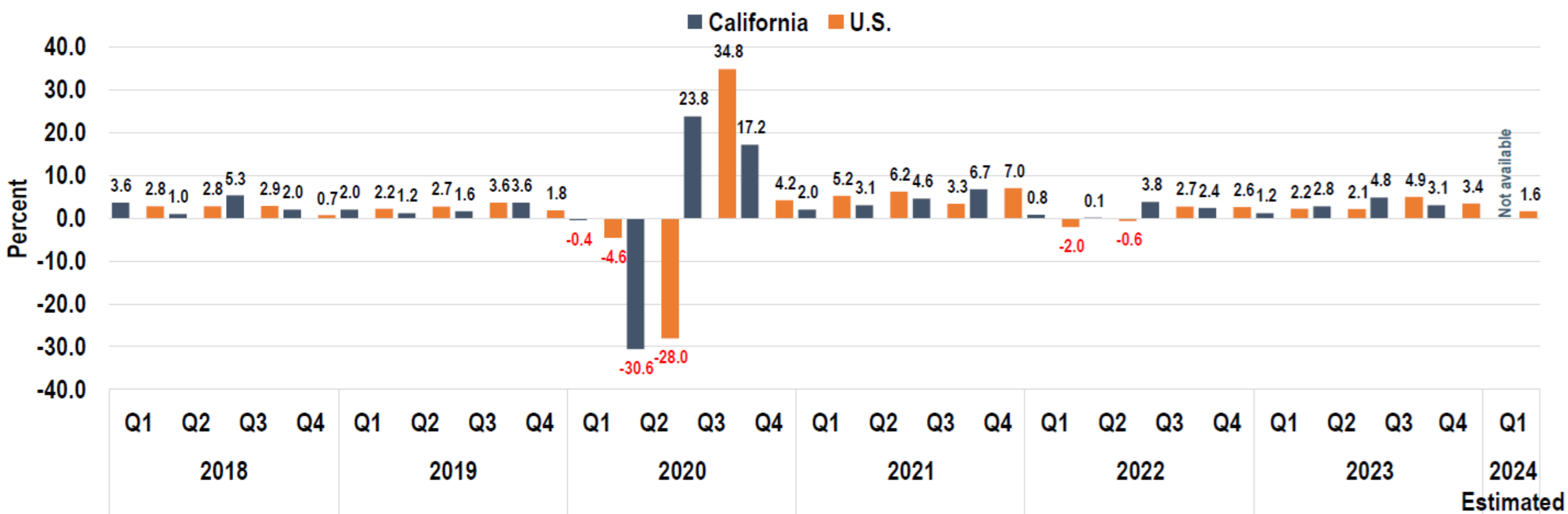
ICON SCHOOL MANAGEMENT

State Budget Process

- Governor's January Budget Proposal
- Budget Committee Hearings / State Tax Filings
- May Revision (on or before May 15)
- Final Budget June 15

U.S. and California GDP Rates

- Economic growth has slowed recently with first quarter U.S. GDP below forecast at 1.6%—the slowest pace of growth since 2022
- Restrained growth is predicted to continue, although a short-term recession is no longer projected

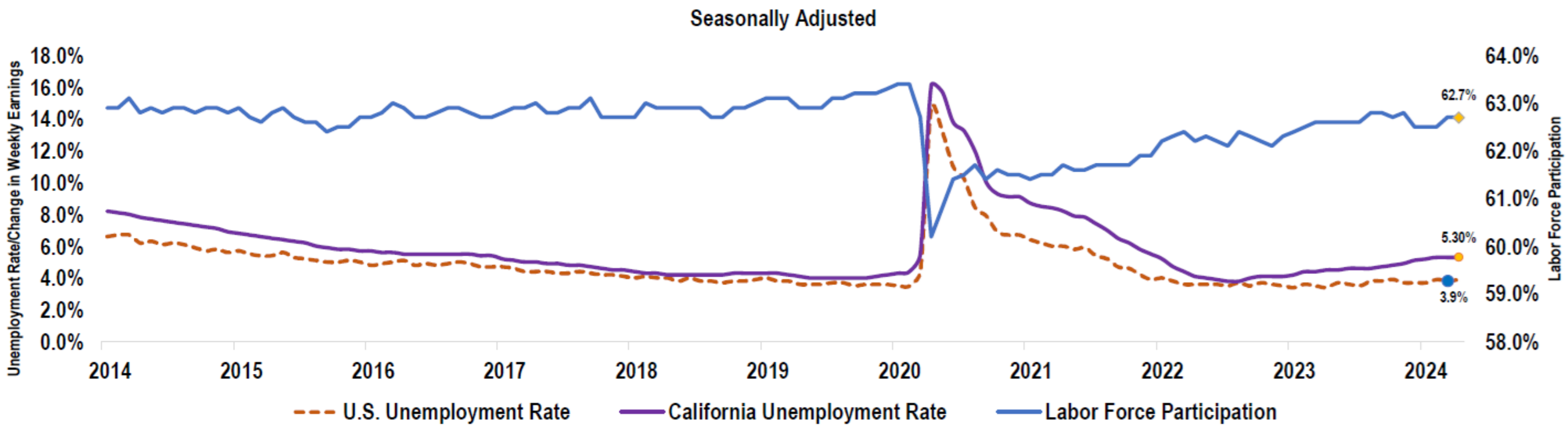


Source: Bureau of Economic Analysis

ICON SCHOOL MANAGEMENT

U.S. and California Labor Market

- The U.S. labor force participation and unemployment rates are holding steady at 62.7% and 3.9%, respectively
- First quarter U.S. median weekly earnings have declined slightly from the last quarter
- California unemployment has increased since Governor's Budget, surpassing the District of Columbia's 5.2% rate
- California currently ranks highest in the country in unemployment at 5.3%

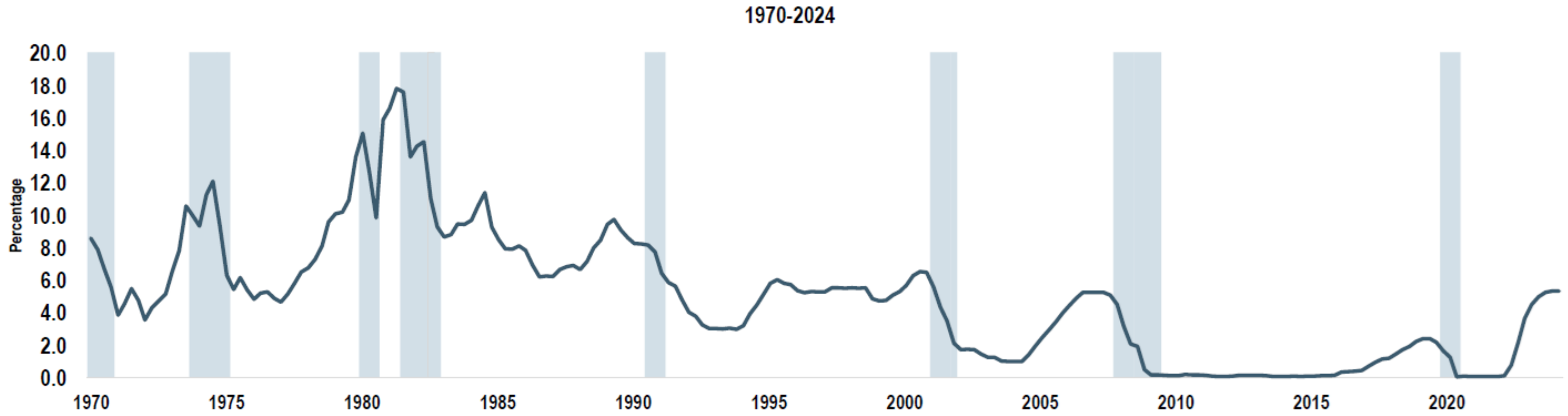


Source: Bureau of Labor Statistics (BLS)

ICON SCHOOL MANAGEMENT

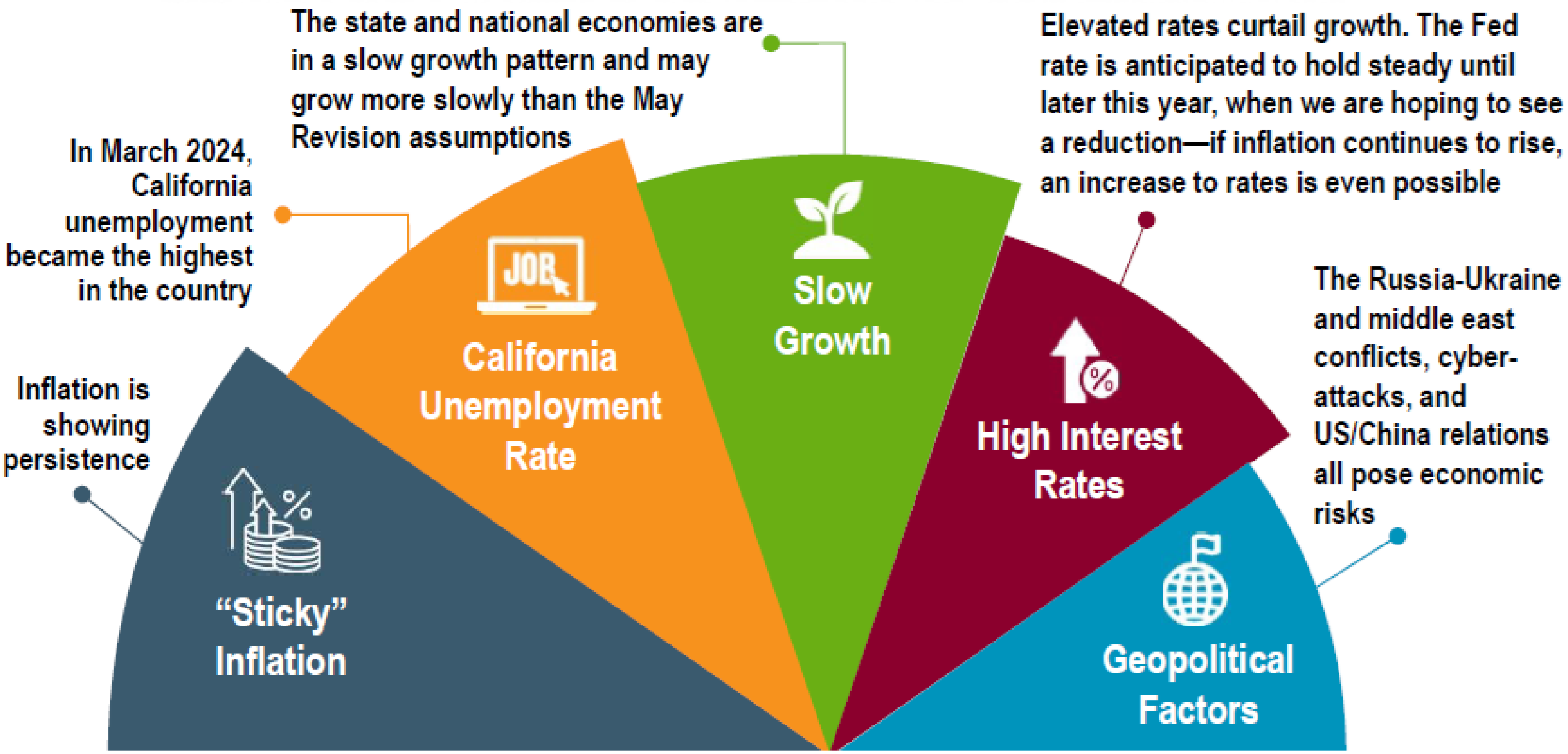
Federal Funds Rate

- Citing a need for greater confidence that inflation will decline before rates are reduced, the Fed maintained the federal funds target rate at 5.25% to 5.5% at its May 2024 meeting
- Economists are hopeful the Fed will reduce the rate at the end of 2024, some predict no reduction this year
- Labor market conditions and inflation will influence future interest rate decisions



Note: Shaded areas signify U.S. recessions
Source: FRED; Recessions, National Bureau of Economic Research

Risks to the State Budget



ICON SCHOOL MANAGEMENT

Themes for the May Revision

- At the May Revision, Governor Gavin Newsom must resolve projected budget deficits in 2024-25 and 2025-26, and actual deficits in the current fiscal year
  - Outside education, he proposes significant spending cuts to government operations, reductions to programs, and pauses of new investments
  - Thankfully, K-14 education continues to be shielded from ongoing programmatic reductions
    - This is accomplished by fully depleting the Proposition 98 Rainy Day Fund, increasing the size of the Proposition 98 "funding maneuver," and adding one-time education cuts
- The Governor does not assume a recession, but includes risks that would affect Proposition 98 should they come to pass

2024-25 LCFF Funding Factors

Grade Span	TK-3	4-6	7-8	9-12
2023-24 Base Grant per ADA	$9,919	$10,069	$10,367	$12,015
1.07% COLA	$106	$108	$111	$129
2024-25 Base Grant per ADA	$10,025	$10,177	$10,478	$12,144
GSA	$1,043	–	–	$316
2024-25 Adjusted Base Grant per ADA	$11,068	$10,177	$10,478	$12,460
20% Supplemental Grant per ADA[1]	$2,214	$2,035	$2,096	$2,492
65% Concentration Grant per ADA[2]	$3,237	$2,977	$3,065	$3,645

TK Add-On (inclusive of COLA)	$3,077	–	–	–

[1]Maximum amount per ADA—to arrive at LEA's grant amount, multiply adjusted base grant per ADA by 20% and UPP
[2]Maximum amount per ADA—to arrive at LEA's grant amount, multiply adjusted base grant per ADA by 65% and UPP above 55%

ICON SCHOOL MANAGEMENT

Legislative State Budget Proposal

- 1.07% statutory COLA
- Maintains universal meals program commitment with increase of $298.3M
- Eliminates the planned $550M facility funding for Preschool, TK, and Kinder classrooms in the 25-26 Budget Act
- Eliminates the planned $875M in General Fund for the School Facilities Program in the 24-25 budget year
- Eliminates the planned California State Preschool Program (CSPP) that was set aside for 25-26 and 26-27 SY
- Provides $20M one-time Ethnic Studies Block Grant for local adoption of model-curricula aligned instructional materials

Preliminary Budget 2024-25

Santiago 24-25 Prelim Budget

Description	23-24 Adopted Budget	23-24 Estimated Actuals	2024-25 Preliminary Budget	Variance	2024-25 Preliminary Budget	2024-25 Preliminary Budget	Notes
ADA	1,009.98	1,031.43	1,030.70	(0.73)	1,034.00	1,034.00	1100 students @ 93.7% attendance rate
A. REVENUES							
1. LCFF Sources	11,657,395	12,094,520	12,168,642	74,122	12,456,215	12,718,963	1.07% COLA applied, slightly lower ADA
2. Federal Revenues	1,792,015	673,800	414,785	(259,015)	299,976	299,976	Removed ESSER II & III funds
3. Other State Revenues	1,433,638	1,996,800	2,661,300	664,500	2,227,408	2,002,692	LREBG included in 23-24 and 24-25 24-25 includes CTEIG, K12SWP, Middle Academy grants
4. Other Local Revenues	204,056	221,056	221,056	0	203,000	203,000	
5. TOTAL REVENUES	15,087,104	**14,986,176**	**15,465,783**	479,607	**15,186,599**	**15,224,631**	
B. EXPENDITURES							
1. Certificated Salaries	5,792,634	5,886,350	5,955,987	69,637	5,887,190	6,001,537	24-25 includes 9.75% wages increase (529K from PY), outyears 4% and 2%
2. Non-certificated Salaries	1,660,136	1,794,494	1,748,494	(46,000)	1,461,534	1,488,353	24-25 includes 9.75% wages increase (155K from PY), outyears 4% and 2%
3. Employee Benefits	3,258,248	2,968,807	2,967,158	(1,649)	3,341,048	3,419,905	
4. Books and Supplies	973,500	625,802	846,384	220,582	771,001	778,714	includes new classroom furniture, computer replacement
5. Services & Other Operating Expend	2,854,020	3,252,363	3,405,267	152,904	3,337,760	3,379,081	includes AC repair, facilities maintenance increase, and SPED encroachment
6. Capital Outlay	20,160	19,000	19,000	0	19,570	20,157	
7. Other Outgo				0			
8. TOTAL EXPENDITURES	14,558,698	**14,546,816**	**14,942,290**	395,474	**14,818,103**	**15,087,747**	
C. NET INCOME	528,406	439,360	523,493	84,133	368,496	136,884	
F. ADJUSTMENTS							
ENDING FUND BALANCE		4,166,318	4,689,811		5,058,307	5,195,190	

ICON SCHOOL MANAGEMENT

Santiago 24-25 Cash Flow

	OBJECT	Beginning Balance	July Estimated	August Estimated	September Estimated	October Estimated	November Estimated	December Estimated	January Estimated	February Estimated	March Estimated	April Estimated	May Estimated	June Estimated	Estimated Accrual	Total
jinning Cash Balance			**1,624,981.00**	**1,880,904.00**	**1,418,883.00**	**1,701,621.60**	**1,666,305.20**	**1,679,453.80**	**1,613,292.40**	**1,705,636.00**	**1,618,784.60**	**1,617,918.20**	**1,629,250.80**	**1,461,388.40**		**1,624,981.00**
:EIPTS																
:FF Sources																-
LCFF Principal Apportionment	8010-8019			193,068.00	193,068.00	347,523.00	347,523.00	347,523.00	347,523.00	347,523.00	347,523.00	347,523.00	347,523.00	347,523.00	347,522.00	3,861,365.00
Education Protection Account	8010-8019					51,535.00			51,535.00			51,535.00			51,535.00	206,140.00
Property Taxes	8020-8079			486,068.00	972,136.00	648,091.00	648,091.00	648,091.00	648,091.00	648,091.00	567,080.00	567,080.00	567,080.00	567,080.00	1,134,158.00	8,101,137.00
Miscellaneous Funds	8080-8099															-
ederal Revenue	8100-8299								70,198.00		66,996.00	70,198.00		95,055.00	112,338.00	414,785.00
tate Revenue																-
Lottery	8560								57,462.00			57,462.00			114,924.38	229,848.38
Other State Revenue	8300-8599		45,732.00	45,732.00	282,318.00	82,318.00	182,318.00	103,008.00	82,318.00	82,318.00	182,318.00	82,318.00	82,318.00	82,318.00	1,096,117.49	2,431,451.49
ocal Revenue																-
Interest	8660				2,700.00	2,700.00	2,700.00	2,700.00	2,700.00	2,700.00	2,700.00	2,700.00	2,700.00	2,700.00		27,000.00
Other Local Revenue	8600-8799				19,405.60	19,405.60	19,405.60	19,405.60	19,405.60	19,405.60	19,405.60	19,405.60	19,405.60	19,405.60		194,056.00
terfund Transfers In	8910-8929															-
ll Other Financing Sources	8930-8979															-
TAL REVENUES			**45,732.00**	**724,868.00**	**1,469,627.60**	**1,151,572.60**	**1,200,037.60**	**1,120,727.60**	**1,279,232.60**	**1,100,037.60**	**1,186,022.60**	**1,198,221.60**	**1,019,026.60**	**1,114,081.60**	**2,856,594.87**	**15,465,782.87**
BURSEMENTS																
ertificated Salaries	1000-1999		496,332.00	496,332.00	496,332.00	496,332.00	496,332.00	496,332.00	496,332.00	496,332.00	496,332.00	496,332.00	496,332.00	496,335.00		5,955,987.00
lassified Salaries	2000-2999		145,708.00	145,708.00	145,708.00	145,708.00	145,708.00	145,708.00	145,708.00	145,708.00	145,708.00	145,708.00	145,708.00	145,706.00		1,748,494.00
mployee Benefits	3000-3999		247,264.00	247,264.00	247,264.00	247,264.00	247,264.00	247,264.00	247,264.00	247,264.00	247,264.00	247,264.00	247,264.00	247,254.00		2,967,158.00
ooks & Supplies	4000-4999		70,535.00	70,535.00	70,535.00	70,535.00	70,535.00	70,535.00	70,535.00	70,535.00	70,535.00	70,535.00	70,535.00	70,499.00		846,384.00
ervices	5000-5999		225,467.00	225,467.00	225,467.00	225,467.00	225,467.00	225,467.00	225,467.00	225,467.00	225,467.00	225,467.00	225,467.00	225,433.00	699,696.92	3,405,266.92
apital Outlay	6000-6599		1,583.00	1,583.00	1,583.00	1,583.00	1,583.00	1,583.00	1,583.00	1,583.00	1,583.00	1,583.00	1,583.00	1,587.00		19,000.00
ther Outgo	7100-7299															-
ebt Service	7400-7499															-
terfund Transfers Out	7600-7629															-
ll Other Financing Uses	7630-7699															-
TAL DISBURSEMENTS			**1,186,889.00**	**1,186,889.00**	**1,186,889.00**	**1,186,889.00**	**1,186,889.00**	**1,186,889.00**	**1,186,889.00**	**1,186,889.00**	**1,186,889.00**	**1,186,889.00**	**1,186,889.00**	**1,186,814.00**	**699,696.92**	**14,942,289.92**
.ANCE SHEET ITEMS																
ets and Deferred Outflows																
ash Not in Treasury	9200															-
ccounts Receivable	9200	1,751,887.00	1,751,887.00													-
repaid Expenditures	9330															-
apital Assets	94XX															-
ther Current Assets																-
UBTOTAL		**1,751,887.00**	**1,751,887.00**	-	-	-	-	-	-	-	-	-	-	-	-	-
bilities and Deferred Inflows																
ccounts Payable	9500	354,807.00	354,807.00													-
urrent Loans	9640															-
nearned Revenue	9650															-
ther Liabilities	9650															-
UBTOTAL	**9650**	**354,807.00**	**354,807.00**	-	-	-	-	-	-	-	-	-	-	-	-	-
TAL BALANCE SHEET ITEMS			**1,397,080.00**	-	-	-	-	-	-	-	-	-	-	-	-	-
INCREASE/DECREASE			**255,923.00**	**(462,021.00)**	**282,738.60**	**(35,316.40)**	**13,148.60**	**(66,161.40)**	**92,343.60**	**(86,851.40)**	**(866.40)**	**11,332.60**	**(167,862.40)**	**(72,732.40)**	**2,156,897.95**	
DING CASH BALANCE			**1,880,904.00**	**1,418,883.00**	**1,701,621.60**	**1,666,305.20**	**1,679,453.80**	**1,613,292.40**	**1,705,636.00**	**1,618,784.60**	**1,617,918.20**	**1,629,250.80**	**1,461,388.40**	**1,388,656.00**		

ICON SCHOOL MANAGEMENT

QUESTIONS?

Dan Lee

Chief Executive Officer

ICON School Management

dlee@iconsm.com