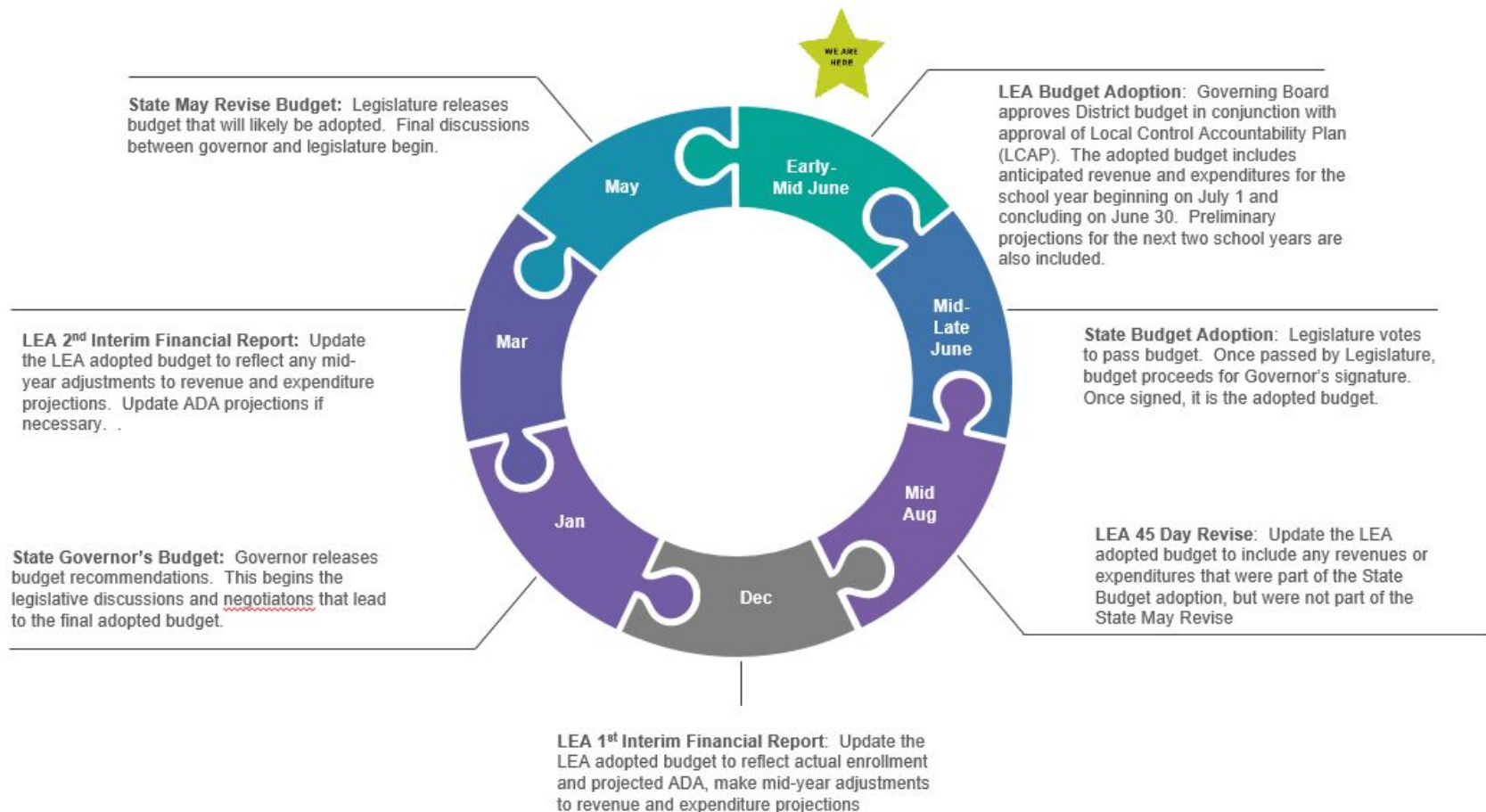




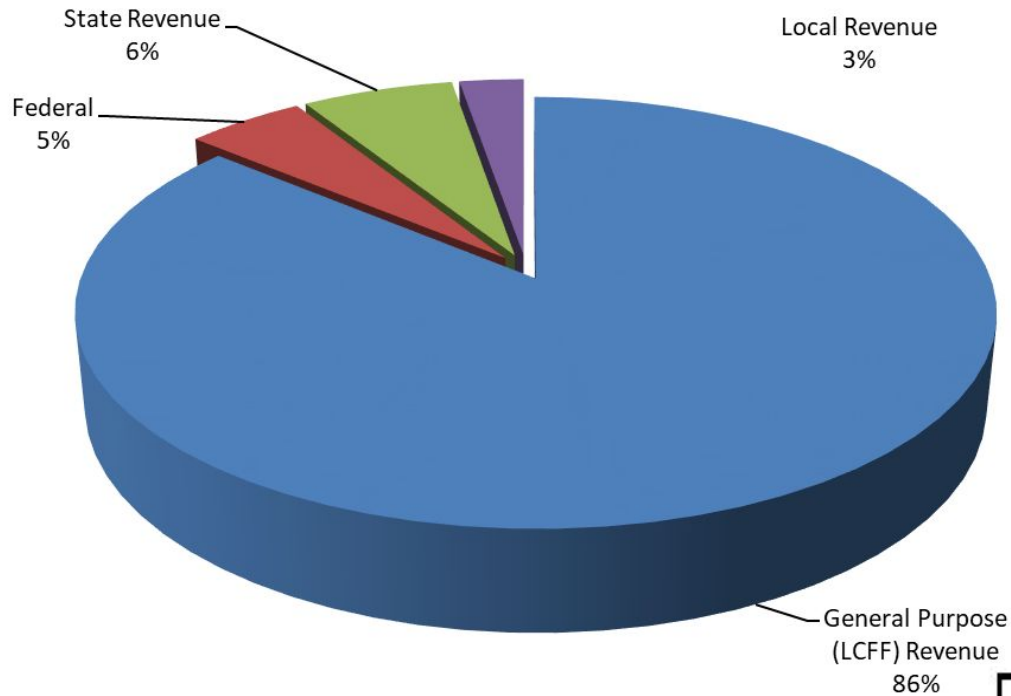
Adopted Budget 2024-25

Roseland Charter School Board of Directors
June 11, 2024

Background Information: Budget Cycle

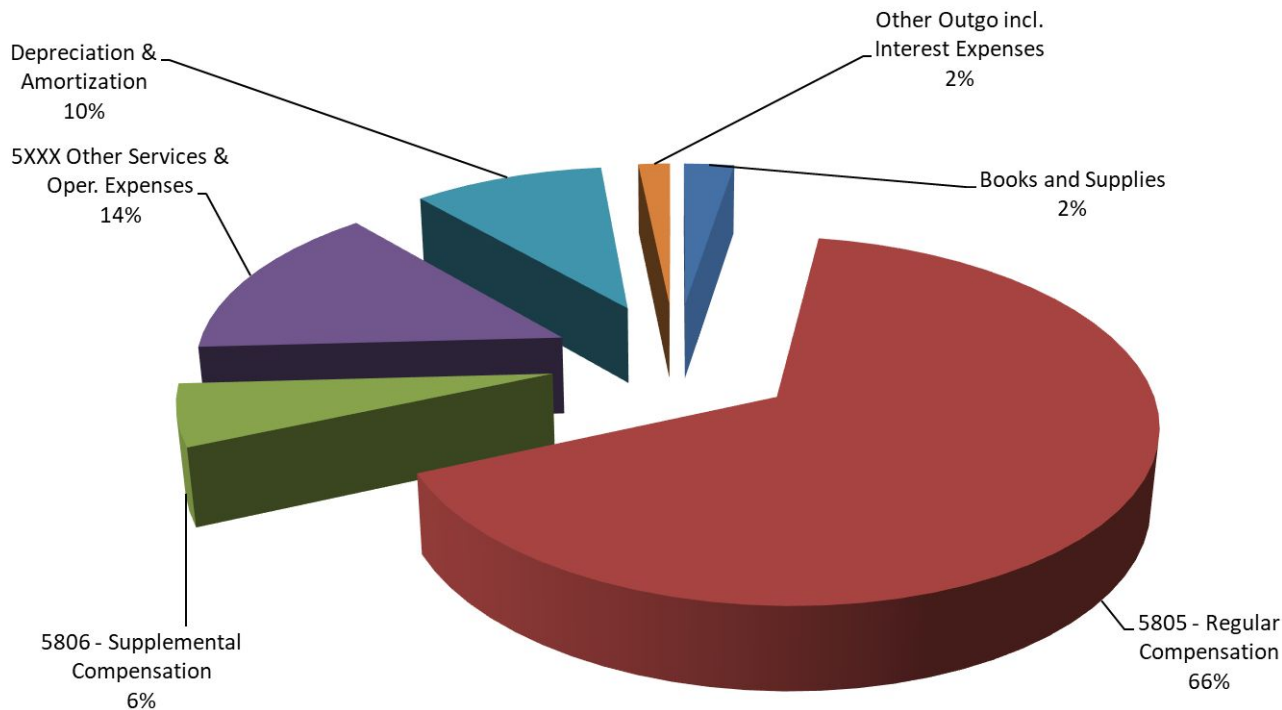


Revenues: 2024-25 Projections



DESCRIPTION	COMBINED AMOUNT
General Purpose (LCFF) Revenue	18,711,524
Federal	1,073,405
State Revenue	1,367,010
Local Revenue	579,401
TOTAL	\$21,731,340

Expenditures: 2024-25 Projections



DESCRIPTION	UNRESTRICTED	RESTRICTED	COMBINED
Books and Supplies	429,005	233,096	\$662,101
5805 - Regular Compensation	14,305,108	2,722,136	\$17,027,244
5806 - Supplemental Compensation	1,053,178	410,543	\$1,463,721
5XXX Other Services & Oper. Expenses	2,648,127	1,099,751	\$3,747,878
Depreciation & Amortization	2,519,762	0	\$2,519,762
Other Outgo incl. Interest Expenses	417,735	0	\$417,735
Transfer of Indirect Costs	0	0	\$0
TOTAL	21,372,915	4,465,526	\$25,838,441

2024-25 Proposed Adopted Budget (Simplified)

Second Interim Projected Budget 2023-24			
Description	Unrestricted	Restricted	Total
Total Revenues	19,327,286	2,404,054	21,731,340
Total Expenditures	21,372,915	4,465,526	25,838,441
Excess/(Deficiency)	(2,045,629)	(2,061,472)	(4,107,101)
Other Sources/Uses	-	-	-
Net Increase/(Decrease)	(2,045,629)	(2,061,472)	(4,107,101)
Add: Beginning Fund Balance	27,264,103	6,843,436	34,107,539
Ending Fund Balance	25,218,474	4,781,964	30,000,438

- Budget includes cost increases for approved wage increases for REA, but not for CSEA and management/unrepresented groups
- Unrestricted deficit spending primarily due to facility related debt service (interest payments) and non-cash depreciation/amortization expense
- Restricted deficit spending primarily due to costs associated with Learning Recovery Block Grant, Arts/Music/Instructional Materials Block Grant and A-G Success grants. Revenues for these 1x grants were allocated and received in 2022-23 - and are now in ending fund. **Positions and services associated with these grants will need to be eliminated when funding expires between the end of this budget year and 2028.**

Multi-Year Projection Assumptions: COLA

Cost of Living Adjustment (COLA) Variations:

<i>Year</i>	<i>State Budget Act (SBA) July 2023</i>	<i>Governor's Budget January 2024</i>	<i>May Revise Budget May 2024</i>
2023-24	8.22%	8.22%	8.22%
2024-25	3.94%	0.76%	1.07%
2025-26	3.29%	2.73%	2.93%
2026-27	3.19%	3.11%	3.08%
2027-28	3.16%	3.17%	3.30%

- Impact of COLA change in 2024-25 results in approximately \$500K reduction in projected revenue for 2024-25 from the Charter's Adopted Budget proposed one year ago in June 2023

Multi-Year Projection Assumptions: Enrollment

<i>Site</i>	<i>2020-21 Enrollment</i>	<i>2021-22 Enrollment</i>	<i>2022-23 Enrollment</i>	<i>2023-24 Budgeted Enrollment</i>	<i>2024-25 Projected Enrollment</i>
RAMS	359	355	359	360	360
RUP	480	471	462	470	474
RCP	474	465	465	470	463
<i>Charter-wide</i>	<i>1319</i>	<i>1304</i>	<i>1293</i>	<i>1300</i>	<i>1297</i>

	<i>Enrollment</i>	<i>ADA</i>
2022-23 Actuals	1293	1189.64
Adopted Budget (June 2023)	1300	1225.63
CBEDS Day (October) 2023-24 Actuals	1254	1175.63
P1 Reporting (December) 2023-24 Actuals	1250	1170.34
P2 Reporting (April) 2023-24 Actuals	1250	1165.63
Budgeted for 2024-25 and 2025-26	1250	1165.63

Multi-Year Projection Assumptions: Enrollment

<i>Site</i>	<i>2020-21 Enrollment</i>	<i>2021-22 Enrollment</i>	<i>2022-23 Enrollment</i>	<i>2023-24 Budgeted Enrollment</i>	<i>2024-25 Projected Enrollment</i>
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Multi-Year Projection (Simplified)

Multi-Year Projection (Total GF)			
Description	Adopted Budget 2024-25	Projected 2025-26	Projected 2026-27
Total Revenues	21,731,340	22,132,015	22,730,572
Total Expenditures	25,838,441	27,388,061	27,611,248
Excess/(Deficiency)	(4,107,101)	(5,256,046)	(4,880,676)
Other Sources/Uses	-	-	-
Net Increase/(Decrease)	(4,107,101)	(5,256,046)	(4,880,676)
Add: Beginning Fund Balance	34,107,539	30,000,438	24,744,392
Ending Fund Balance	30,000,438	24,744,392	19,863,716

- 3% increase in services and 2% increase in supplies budgeted for each year
- Impact of negotiated wage increases for CSEA and management/unrepresented for 2024-25 not yet factored in
- Impact of any wage increase for all groups in 2025-26 not yet factored in
- Step and column increase of 2% budgeted for each year, along with 0.5% increase in worker benefit costs;

Multi-Year Projection: Ending Fund & Reserves

	Estimated Actuals 2023-24			Proposed Budget 2024-25			Proposed Budget 2025-26			Projection 2026-27		
	Unrestricted	Restricted	Combined	Unrestricted	Restricted	Combined	Unrestricted	Restricted	Combined	Unrestricted	Restricted	Combined
Net increase (decrease) in Fund Balance	(2,533,801)	(1,768,509)	(4,302,310)	(2,925,358)	(1,181,743)	(4,107,101)	(3,044,366)	(2,211,680)	(5,256,046)	(2,904,246)	(1,976,430)	(4,880,676)
9791 Beginning Balance	29,797,904	8,611,945	38,409,849	27,264,103	6,843,436	34,107,539	24,338,745	5,661,693	30,000,438	21,294,379	3,450,013	24,744,392
Ending Net Position, June 30	27,264,103	6,843,436	34,107,539	24,338,745	5,661,693	30,000,438	21,294,379	3,450,013	24,744,392	18,390,133	1,473,583	19,863,716
Components of Ending Net Position												
a) Designated for Economic Uncertainties - 5%	1,390,000	-	1,390,000	1,290,000	-	1,290,000	1,370,000	-	1,370,000	1,380,000	-	1,380,000
b) Revolving fund	10,000	-	10,000	10,000	-	10,000	10,000	-	10,000	10,000	-	10,000
c) Prepaid assets	-	-	-	-	-	-	-	-	-	-	-	-
d) Restricted Net Position	-	6,843,436	6,843,436	-	5,661,693	5,661,693	-	3,450,013	3,450,013	-	1,473,583	1,473,583
e) Fixed Assets & Capital Leases, Net of Related Debt	19,350,377		19,350,377	21,665,036	-	21,665,036	19,738,983	-	19,738,983	17,928,209	-	17,928,209
f) Undesignated Net Assets	6,513,726	-	6,513,726	1,373,709	-	1,373,709	175,396	-	175,396	(928,076)	-	(928,076)
Undesignated Net Assets Percentage			23.5%			5.3%			0.6%			-3.4%

- Charter's ending fund balance (also known as "ending net position" or the Balance Sheet) is comprised of cash, other assets including buildings/land, and liabilities
- Most of fund balance is buildings and land (see "e" above). Significant deficit spending and facility debt service principal payments are reducing non-capital reserves and cash in the ending fund
- By 2026-27, Charter is unable to maintain 5% reserves in ending fund - reserve drops to 1.6% of expenditures
- Multi-year cash flow projections (next page) show negative cash in 2027-28

Multi-Year Projection (Simplified): Cash Flow

ROSELAND CHARTER SCHOOL

CASH FLOW FIVE YEAR PROJECTION SUMMARY

	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
	Combined	Combined	Combined	Combined	Combined	Combined
Revenue						
General Purpose	18,219,790	18,711,524	19,437,514	20,036,071	20,036,071	20,697,088
Federal Revenue	3,325,347	1,073,405	748,090	748,090	748,090	748,090
State Revenue	918,473	1,367,010	1,367,010	1,367,010	1,367,010	1,367,010
Local Revenue	953,442	579,401	579,401	579,401	579,401	579,401
Total Revenue	23,417,052	21,731,340	22,132,015	22,730,572	22,730,572	23,391,589
Expenditures						
Books and Supplies	1,446,695	662,101	675,343	684,760	698,455	712,150
Other Services & Oper. Expenses	23,469,928	22,238,843	23,397,868	23,579,967	24,096,684	24,225,494
Depreciation & Amortization	2,519,762	2,519,762	2,808,503	2,808,503	2,808,503	2,817,496
Other Outgo	282,977	417,735	506,347	538,017	507,059	507,059
Facility Loan(s) Interest Expense	-	-	-	-	-	-
Total Expenditures	27,719,362	25,838,441	27,388,061	27,611,248	28,110,701	28,262,199
Deficit/Surplus	(4,302,310)	(4,107,101)	(5,256,046)	(4,880,676)	(5,380,129)	(4,870,610)
Cash Reconciliation						
BEGINNING CASH	19,597,415	11,559,300	9,327,609	5,857,337	2,133,528	(2,735,082)
Net Increase in AP/AR/PP:	(261,892)	267,061	-	-	-	-
Depreciation Adjustment	2,519,762	2,519,762	2,808,503	2,808,503	2,808,503	2,817,496
Princ Portion Facility Loan Pmt	(604,973)	(882,451)	(997,729)	(1,626,636)	(2,271,984)	(1,928,657)
Princ Portion Facility Loan Proceeds	-	-	-	-	-	-
Equipment Purchases ≥ 5K	(49,124)	(28,963)	(25,000)	(25,000)	(25,000)	(25,000)
Leashold Improv / Facility Repairs ≥ 5K	-	-	-	-	-	-
Constr Projects ≥ 5K	(5,339,578)	-	-	-	-	-
ENDING CASH	11,559,300	9,327,609	5,857,337	2,133,528	(2,735,082)	(6,741,853)

Projected based on information included in Adopted Budget 2024-25 Multi-year Projection

Discussion & Analysis

- Charter enrollment and ADA continues to decline, which will result in revenue decreases from previously budgeted amounts in the current and potentially future years
- Charter is projecting large deficits that, combined with loan servicing impacts to cash, could result in significant challenges with cash flow within the next few years
- Right-sizing activities to increase revenues, decrease expenses, and/or restructure facility debt is critical at this time in order to ensure financial stability of the Charter
 - Strategic adjustments to maximum enrollment targets that reflect current enrollment trends may be an option that could increase revenues and minimize the amount of expenditure reduction that will be required to ensure financial stability
 - A capital campaign to raise funds for facility needs may also be a desirable option

Next Steps

- State's Enacted Budget is expected to be finalized by the legislature by the statutory deadline of June 15th, and signed by Governor by the end of June or early July
- If the State's budget enactment results in material changes to the Roseland Charter School Adopted Budget, they will be reported to the Board at the 45 Day Revise report in August/September 2024
- Next full budget revision will be presented to the Board in December - the First Interim Financial Report