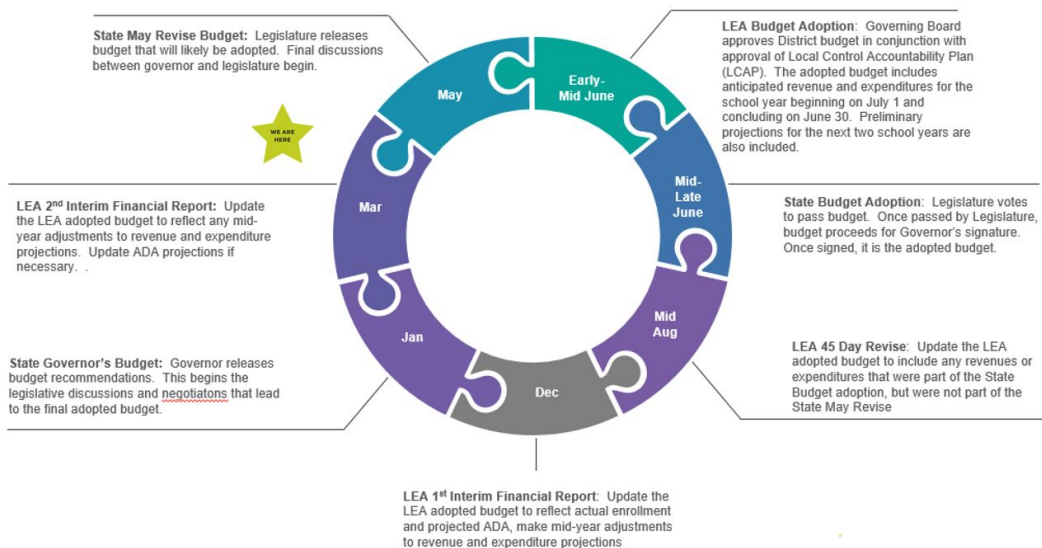




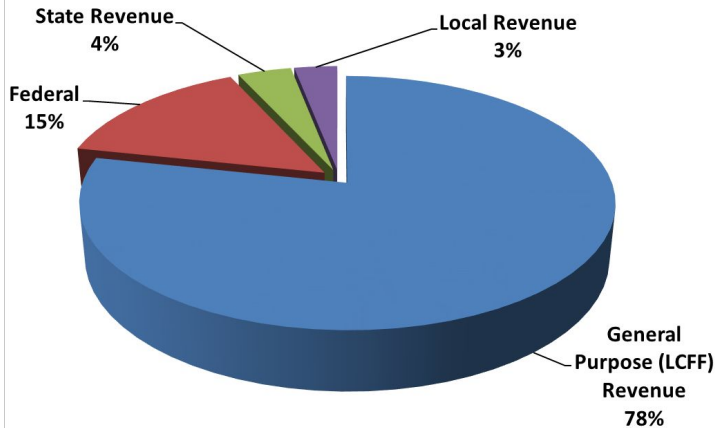
Second Interim Financial Report 2023-24

Roseland Charter School Board of Directors
March 12, 2024

Background Information: Budget Cycle



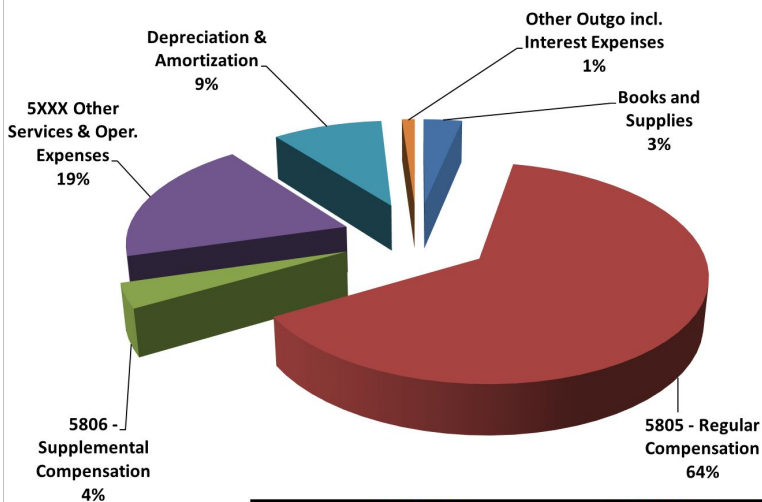
Revenues: 2023-24 Projections



DESCRIPTION	UNRESTRICTED	RESTRICTED	COMBINED
General Purpose (LCFF) Revenue	\$ 18,295,119	\$ -	\$ 18,295,119
Federal	\$ -	\$ 3,453,283	\$ 3,453,283
State Revenue	\$ 255,919	\$ 636,920	\$ 892,839
Local Revenue	\$ 246,658	\$ 468,960	\$ 715,618
TOTAL	\$ 18,797,696	\$ 4,559,163	\$ 23,356,859

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Expenditures: 2023-24 Projections



DESCRIPTION	UNRESTRICTED	RESTRICTED	COMBINED
Books and Supplies	\$ 514,242	\$ 369,392	\$ 883,634
5805 - Regular Compensation	\$ 13,350,169	\$ 3,732,527	\$ 17,082,696
5806 - Supplemental Compensation	\$ 913,444	\$ 99,982	\$ 1,013,426
5XXX Other Services & Oper. Expenses	\$ 2,463,475	\$ 2,683,405	\$ 5,146,880
Depreciation & Amortization	\$ 2,519,762	\$ -	\$ 2,519,762
Other Outgo incl. Interest Expenses	\$ 293,826	\$ -	\$ 293,826
TOTAL	\$ 20,054,918	\$ 6,885,306	\$ 26,940,224

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2023-24 First Interim Budget (Simplified)

Second Interim Projected Budget 2023-24			
Description	Unrestricted	Restricted	Total
Total Revenues	18,797,696	4,559,163	23,356,859
Total Expenditures	20,054,918	6,885,306	26,940,224
Excess/(Deficiency)	(1,257,222)	(2,326,143)	(3,583,365)
Other Sources/Uses	-	-	-
Net Increase/(Decrease)	(1,257,222)	(2,326,143)	(3,583,365)
Add: Beginning Fund Balance	29,797,902	8,611,945	38,409,847
Ending Fund Balance	28,540,680	6,285,802	34,826,482

- Much of fund balance is actually building assets rather than cash (\$22M)
- Loan principal payments are made from fund balance, not from expenditures (\$500K outflow for 2023-24)
- Large deficit (more expenditures than revenues) of \$3.58M and impact of future facility loan principal payments will reduce cash assets in fund balance in the future years without "right sizing" to either increase revenues or decrease expenses (or a combination of both)

Multi-Year Projection Assumptions: COLA

Cost of Living Adjustment (COLA) Uncertainty:

Year	State Budget Act (SBA) July 2023	Governor's Budget January 2023
2023-24	8.22%	8.22%
2024-25	3.94%	0.76%
2025-26	3.29%	2.73%
2026-27	3.19%	3.11%
2027-28	3.16%	3.17%

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

Multi-Year Projection Assumptions: Enrollment

Site	2023-24 <i>Budgeted Enrollment</i>	2020-21 <i>Enrollment</i>	2021-22 <i>Enrollment</i>	2022-23 <i>Enrollment</i>	2023-24 <i>Enrollment</i>	2024-25 <i>Projected Enrollment</i>
RAMS	360	359	355	359	360	360
RUP	470	480	471	462	463	474
RCP	470	474	465	465	431	435
Homeschool		6	8	7	5	
<i>Charter-wide</i>	<i>1300</i>	<i>1319</i>	<i>1304</i>	<i>1293</i>	<i>1259</i>	<i>1269</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
Budgeted for 2024-25 and 2025-26	1250	1170.34

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Multi-Year Projection (Simplified)

Multi-Year Projection (Total GF)			
Description	Second Interim 2023-24	Projected 2024-25	Projected 2025-26
Total Revenues	23,356,859	21,196,195	21,884,001
Total Expenditures	26,940,224	26,451,997	24,768,259
Excess/(Deficiency)	(3,583,365)	(5,255,802)	(2,884,258)
Other Sources/Uses	-	-	-
Net Increase/(Decrease)	(3,583,365)	(5,255,802)	(2,884,258)
Add: Beginning Fund Balance	38,409,847	34,826,482	29,570,680
Ending Fund Balance	34,826,482	29,570,680	26,686,421

- Impact of negotiated wage increases for 2024-25 and 2025-26 not yet factored in
- Includes reduction in COVID funding and associated expenses
- Arts/Music/Instructional Materials, A-G and Educator Effectiveness Grants are part of restricted Fund Balance – anticipated to be fully spent by 2026
 - Expenditure plan of \$1.5M being developed; estimated costs factored in, but timeline may change
- Learning Recovery Block Grant is a part of restricted Fund Balance - anticipated to be fully spent by 2028
 - Expenditure plan of \$2M being developed; estimated costs factored in, but timeline may change

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Multi-Year Projection (Simplified): Cash Flow

ROSELAND CHARTER SCHOOL						
CASH FLOW FIVE YEAR PROJECTION SUMMARY						
	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
	Combined	Combined	Combined	Combined	Combined	Combined
Revenue						
General Purpose	17,455,160	18,295,119	18,730,558	19,418,364	20,022,633	20,657,453
Federal Revenue	3,227,375	3,453,283	857,180	857,180	857,180	857,180
State Revenue	5,673,255	892,839	892,839	892,839	892,839	892,839
Local Revenue	725,365	715,618	715,618	715,618	715,618	715,618
Total Revenue	27,081,155	23,356,859	21,196,195	21,884,001	22,488,270	23,123,090
Expenditures						
Books and Supplies	1,288,191	883,634	754,272	757,306	761,093	764,880
Other Services & Oper. Expenses	20,656,376	23,243,002	22,566,647	20,848,624	20,499,355	20,997,409
Depreciation & Amortization	2,243,266	2,519,762	2,749,057	2,749,057	2,749,057	2,758,050
Other Outgo	276,504	293,826	382,021	413,272	268,575	268,575
Facility Loan(s) Interest Expense	-	-	-	-	-	-
Total Expenditures	24,464,337	26,940,224	26,451,997	24,768,259	24,278,080	24,788,914
Deficit/Surplus	2,616,818	(3,583,365)	(5,255,802)	(2,884,258)	(1,789,810)	(1,665,824)
Cash Reconciliation						
BEGINNING CASH	19,597,415	20,822,186	17,200,353	13,793,201	12,591,890	8,239,728
Net Increase in AP/AR/PP:	(353,108)	-	-	-	-	-
Depreciation Adjustment	2,243,266	2,519,762	2,749,057	2,749,057	2,749,057	2,758,050
Princ Portion Facility Loan Pmt	(495,167)	(640,017)	(875,407)	(1,041,110)	(5,286,409)	(456,464)
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	(2,737,914)	(1,889,250)	-	-	-	-
ENDING CASH	20,822,186	17,200,353	13,793,201	12,591,890	8,239,728	8,850,490

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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
- Statewide economic downturn will likely result in lower COLAs than projected, which will also result in decreases from previously budgeted amounts in 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 the RCP 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

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Next Steps

- State's May Revise Budget for 2024-25 will be announced in May 2024 - will reflect legislative recommendations for adjustments to Governor's proposed budget
- Local Control Accountability Plan (LCAP) for 2024-25 will be developed in the coming months – Charter's primary resource allocation plan
- Roseland Charter School Adopted Budget 2024-25 will be presented to the Board of Directors for approval in June 2024, and will incorporate May Revise budgeting information and will reflect budgets for the LCAP
 - Will include any RSD Board approved settled wage negotiations for 2024-25 and ongoing that are approved in April or May Board meetings
 - Will include updated budgeting information for positions laid off, and for determinations of new funding sources