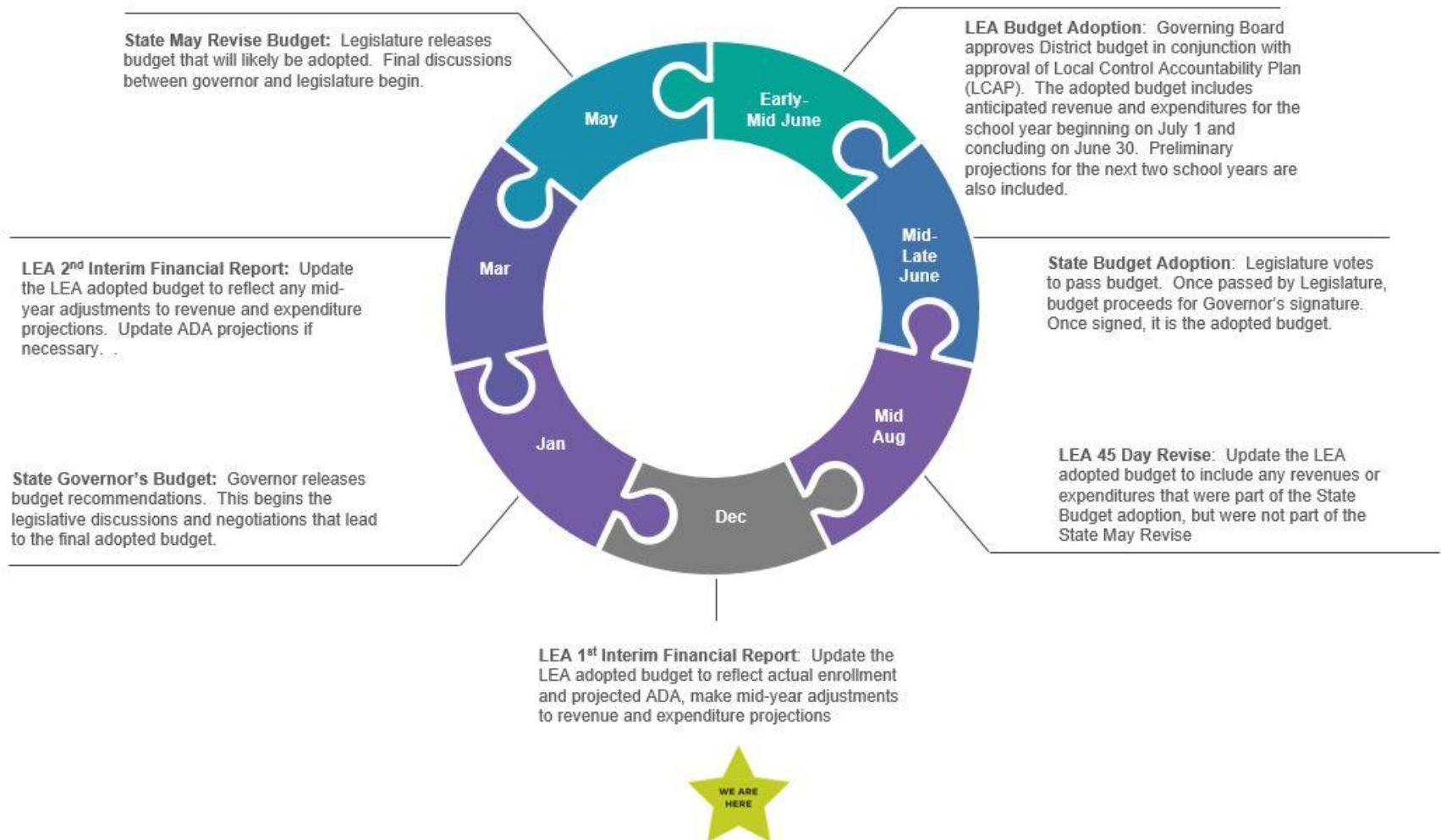




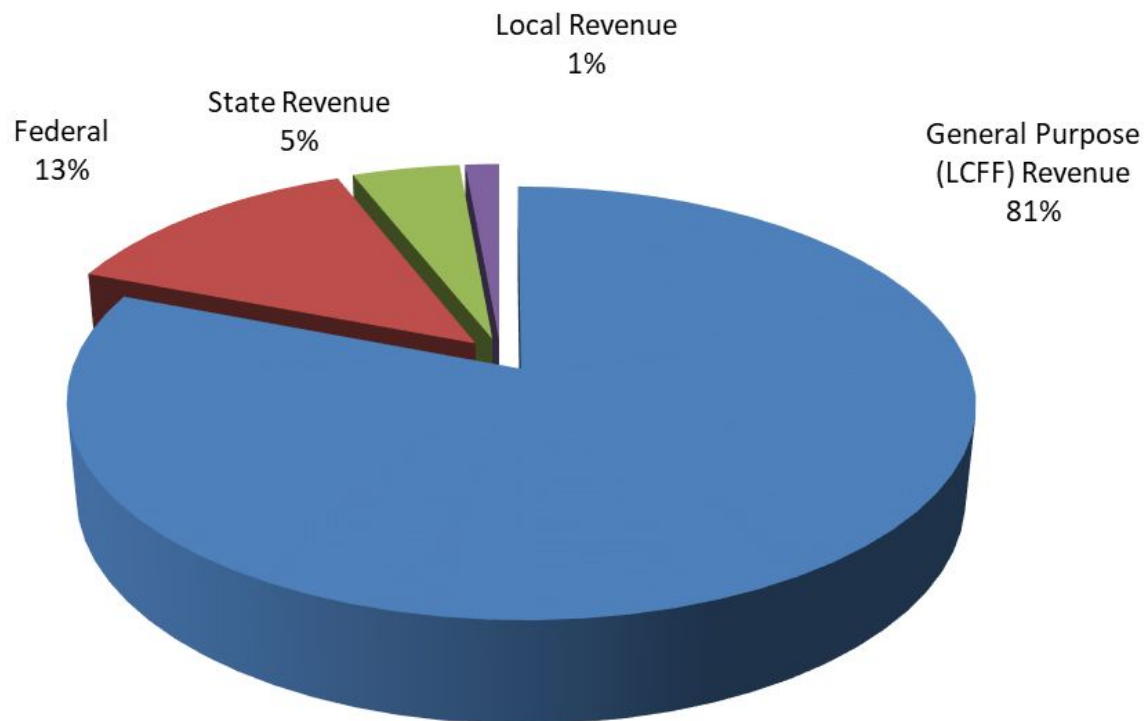
First Interim Financial Report 2023-24

Roseland Charter School Board of Directors
December 12, 2023

Background Information: Budget Cycle

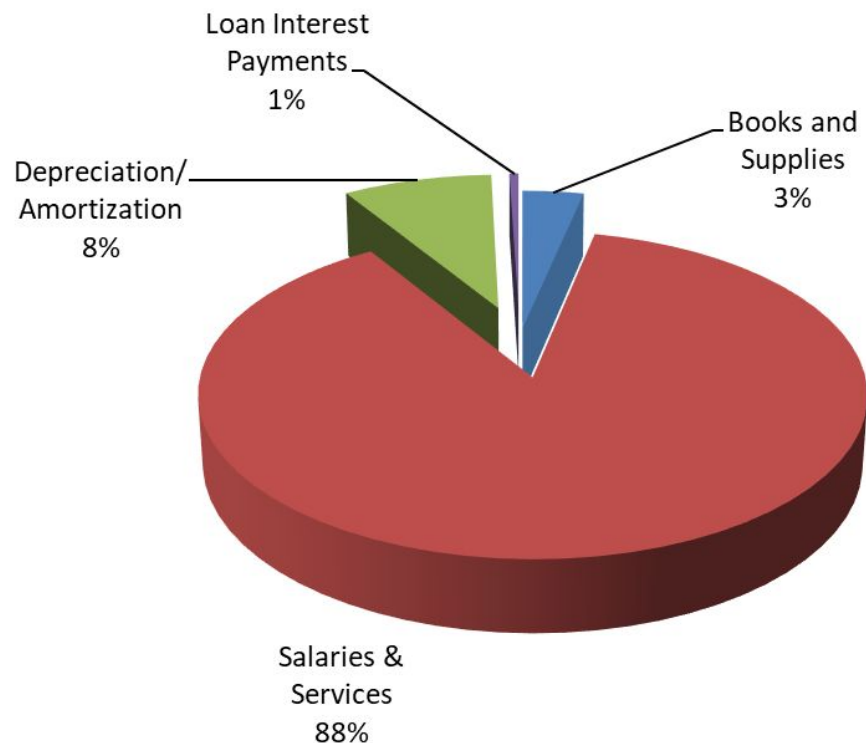


Revenues: 2023-24 Projections



DESCRIPTION	UNRESTRICTED	COMBINED AMOUNT
General Purpose (LCFF) Revenue	\$18,204,795	\$18,204,795
Federal	\$0	\$2,957,744
State Revenue	\$257,101	\$1,024,990
Local Revenue	\$120,000	\$321,470
TOTAL	\$18,581,896	\$22,508,999

Expenditures: 2023-24 Projections



DESCRIPTION	UNRESTRICTED	COMBINED
Books and Supplies	603,377	\$882,844
Salaries & Services	17,376,302	\$22,952,866
Depreciation/Amortization	2,182,667	\$2,182,667
Loan Interest Payments	132,375	\$132,375
TOTAL	20,294,721	\$26,150,752

2023-24 First Interim Budget (Simplified)

First Interim Projected Budget 2023-24			
Description	Unrestricted	Restricted	Total
Total Revenues	18,581,896	3,927,103	22,508,999
Total Expenditures	20,270,071	5,880,681	26,150,752
Excess/(Deficiency)	(1,688,175)	(1,953,578)	(3,641,753)
Other Sources/Uses	-	-	-
Net Increase/(Decrease)	(1,688,175)	(1,953,578)	(3,641,753)
Add: Beginning Fund Balance	29,797,904	8,611,945	38,409,849
Ending Fund Balance	28,109,729	6,658,367	34,768,096

- Much of fund balance is actually building assets rather than cash
- Loan principal payments are made from fund balance, not from expenditures
- Large deficit (more expenditures than revenues) of \$3.64M 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:

<i>Year</i>	<i>State Budget Act (SBA) July 2023 (projected COLA)</i>	<i>Legislative Analyst Office (LAO) (estimated 2023-24 statutory COLA)</i>
2023-24	8.22%	8.22%
2024-25	3.94%	1.0% - 1.27% (estimated statutory COLA)
2025-26	3.29%	1.0% (if downturn were to continue)
2026-27	3.19%	1.0% (if downturn were to continue)
2027-28	3.16%	1.0% (if downturn were to continue)

COLA Uncertainty Impacts & Considerations:

- Difference results in a change in revenues of approximately \$500K year over year (compounded)
- Difficult to project multiple out years at this time - more information about future COLAs will be released with Governor's Budget in January
- Tradeoffs of conservative budgeting

Multi-Year Projection Assumptions: Enrollment

<i>Site</i>	<i>Budgeted Enrollment</i>	<i>2020-21 Enrollment</i>	<i>2021-22 Enrollment</i>	<i>2022-23 Enrollment</i>	<i>2023-24 Enrollment</i>
RAMS	360	359	355	359	360
RUP	470	480	471	462	463
RCP	470	474	465	465	431
Homeschool		6	8	7	5
<i>Charter-wide</i>	<i>1300</i>	<i>1319</i>	<i>1304</i>	<i>1293</i>	<i>1259</i>

Enrollment and average daily attendance (ADA) for the 2023-24 school year has declined from the June Adopted Budget

	<i>Enrollment</i>	<i>ADA</i>
2022-23 Actuals	1293	1189.64
Adopted Budget (June 2023)	1300	1225.63
CBEDS Day (October) 2023-24	1254	1175.63

Multi-Year Projection (Simplified)

Projection with 1% Future COLAs, and 1230 Future Enrollment

Multi-Year Projection (Total GF)			
Description	First Interim Budget 2023-24	Projected 2024-25	Projected 2025-26
Total Revenues	22,508,999	22,542,481	22,750,651
Total Expenditures	26,150,752	28,320,557	28,911,333
Excess/(Deficiency)	(3,641,753)	(5,778,076)	(6,160,682)
Other Sources/Uses	-	-	-
Net Increase/(Decrease)	(3,641,753)	(5,778,076)	(6,160,682)
Add: Beginning Fund Balance	38,409,849	34,768,096	28,990,020
Ending Fund Balance	34,768,096	28,990,020	22,829,338

Multi-Year Projection (Simplified): Cash Flow

Projection with 1% Future COLAs, and 1230 Future Enrollment

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	18,204,795	18,238,277	18,446,447	18,638,956	18,825,436
Federal Revenue	3,227,375	2,957,744	2,957,744	2,957,744	2,957,744	2,957,744
State Revenue	5,673,255	1,024,990	1,024,990	1,024,990	1,024,990	1,024,990
Local Revenue	725,365	321,470	321,470	321,470	321,470	321,470
Total Revenue	27,081,155	22,508,999	22,542,481	22,750,651	22,943,160	23,129,640
Expenditures						
Books and Supplies	1,288,191	882,844	887,258	890,059	894,509	898,959
Other Services & Oper. Expenses	20,656,374	22,952,866	24,826,230	25,356,850	25,699,168	24,813,637
Depreciation & Amortization	2,243,266	2,182,667	2,411,962	2,411,962	2,411,962	2,411,962
Other Outgo	276,504	132,375	195,106	252,462	108,182	99,613
Facility Loan(s) Interest Expense	-	-	-	-	-	-
Total Expenditures	24,464,335	26,150,752	28,320,557	28,911,333	29,113,821	28,224,171
Deficit/Surplus	2,616,820	(3,641,753)	(5,778,076)	(6,160,682)	(6,170,661)	(5,094,531)
Cash Reconciliation						
BEGINNING CASH	19,597,415	20,828,126	16,823,570	12,648,608	7,856,087	(1,191,295)
Net Increase in AP/AR/PP:	(353,108)	-	-	-	-	-
Depreciation Adjustment	2,243,266	2,182,667	2,411,962	2,411,962	2,411,962	2,411,962
Princ Portion Facility Loan Pmt	(489,228)	(627,257)	(783,849)	(1,018,801)	(5,263,683)	(433,314)
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	20,828,126	16,823,570	12,648,608	7,856,087	(1,191,295)	(4,332,178)

Multi-Year Projection Assumptions: Enrollment

Although we can't control the COLA, as a charter school, we can strive to increase enrollment in order to increase revenues. One possible scenario for increasing max enrollment could be:

	7	8	9	10	11	12	Totals
RAMS	180	180					360
RUP			180	180	180	180	720
RCP	60	60	60	60	60	60	360
Charterwide	240	240	240	240	240	240	1440

This model would result in target enrollment adjustments:

- RAMS would maintain current enrollment targets
- RUP would increase by approximately 250 students
- RCP would decrease by approximately 110 students

Other reconfiguration options may be possible – this is a potential scenario for illustration purposes

Multi-Year Projection Assumptions: Enrollment

Preliminary analysis indicates that this model would “ramp up” as follows:

	7	8	9	10	11	12	<i>Total</i>
2024-25	240	240	240	216	192	181	1309
2025-26	240	240	240	240	216	192	1368
2026-27	240	240	240	240	240	216	1416
2027-28	240	240	240	240	240	240	1440

- This ramp up model assumes that all currently enrolled Roseland District elementary students would enroll in the Charter School
- Additional recruitment for out-of-District enrollment would be needed to meet 7th grade enrollment targets:

2024-25	56
2025-26	36
2026-27	61
2027-28	27

Multi-Year Projection (Simplified)

Projection with 1% Future COLAs, and Max 1440 Future Enrollment

Multi-Year Projection (Total GF)			
Description	First Interim Budget 2023-24	Projected 2024-25	Projected 2025-26
Total Revenues	22,508,999	23,716,284	24,710,112
Total Expenditures	26,150,752	28,320,557	28,911,333
Excess/(Deficiency)	(3,641,753)	(4,604,273)	(4,201,221)
Other Sources/Uses	-	-	-
Net Increase/(Decrease)	(3,641,753)	(4,604,273)	(4,201,221)
Add: Beginning Fund Balance	38,409,849	34,768,096	30,163,823
Ending Fund Balance	34,768,096	30,163,823	25,962,602

Multi-Year Projection (Simplified): Cash Flow

Projection with 1% COLAs, and Max 1440 Future Enrollment

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	18,204,795	19,412,080	20,405,908	21,590,732	22,196,430
Federal Revenue	3,227,375	2,957,744	2,957,744	2,957,744	2,957,744	2,957,744
State Revenue	5,673,255	1,024,990	1,024,990	1,024,990	1,024,990	1,024,990
Local Revenue	725,365	321,470	321,470	321,470	321,470	321,470
Total Revenue	27,081,155	22,508,999	23,716,284	24,710,112	25,894,936	26,500,634
Expenditures						
Books and Supplies	1,288,191	882,844	887,258	890,059	894,509	898,959
Other Services & Oper. Expenses	20,656,374	22,952,866	24,826,230	25,356,850	25,699,168	24,813,637
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Other Outgo	276,504	132,375	195,106	252,462	108,182	99,613
Facility Loan(s) Interest Expense	-	-	-	-	-	-
Total Expenditures	24,464,335	26,150,752	28,320,557	28,911,333	29,113,821	28,224,171
Deficit/Surplus	2,616,820	(3,641,753)	(4,604,273)	(4,201,221)	(3,218,885)	(1,723,537)
Cash Reconciliation						
BEGINNING CASH	19,597,415	20,828,126	16,823,570	13,822,411	10,989,351	4,893,745
Net Increase in AP/AR/PP:	(353,108)	-	-	-	-	-
Depreciation Adjustment	2,243,266	2,182,667	2,411,962	2,411,962	2,411,962	2,411,962
Princ Portion Facility Loan Pmt	(489,228)	(627,257)	(783,849)	(1,018,801)	(5,263,683)	(433,314)
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	20,828,126	16,823,570	13,822,411	10,989,351	4,893,745	5,123,856

Discussion & Analysis

- Charter enrollment and ADA has declined, 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 or decrease expenses 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

Next Steps

- State Governor's Budget for 2024-25 will be announced in January 2024 - projections for COLA and Governor's financial plan for the next several years will be included
- Roseland Charter School Second Interim Financial Report will be presented to the Board of Directors for approval in March 2024, and will incorporate revenue and expenditure updates for the current and projected years based on the Governor's Budget plan
- State May Revise Budget for 2024-25 will be released in May 2024, and will reflect legislative recommendations for adjustments to the Governor's proposed budget
- 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