



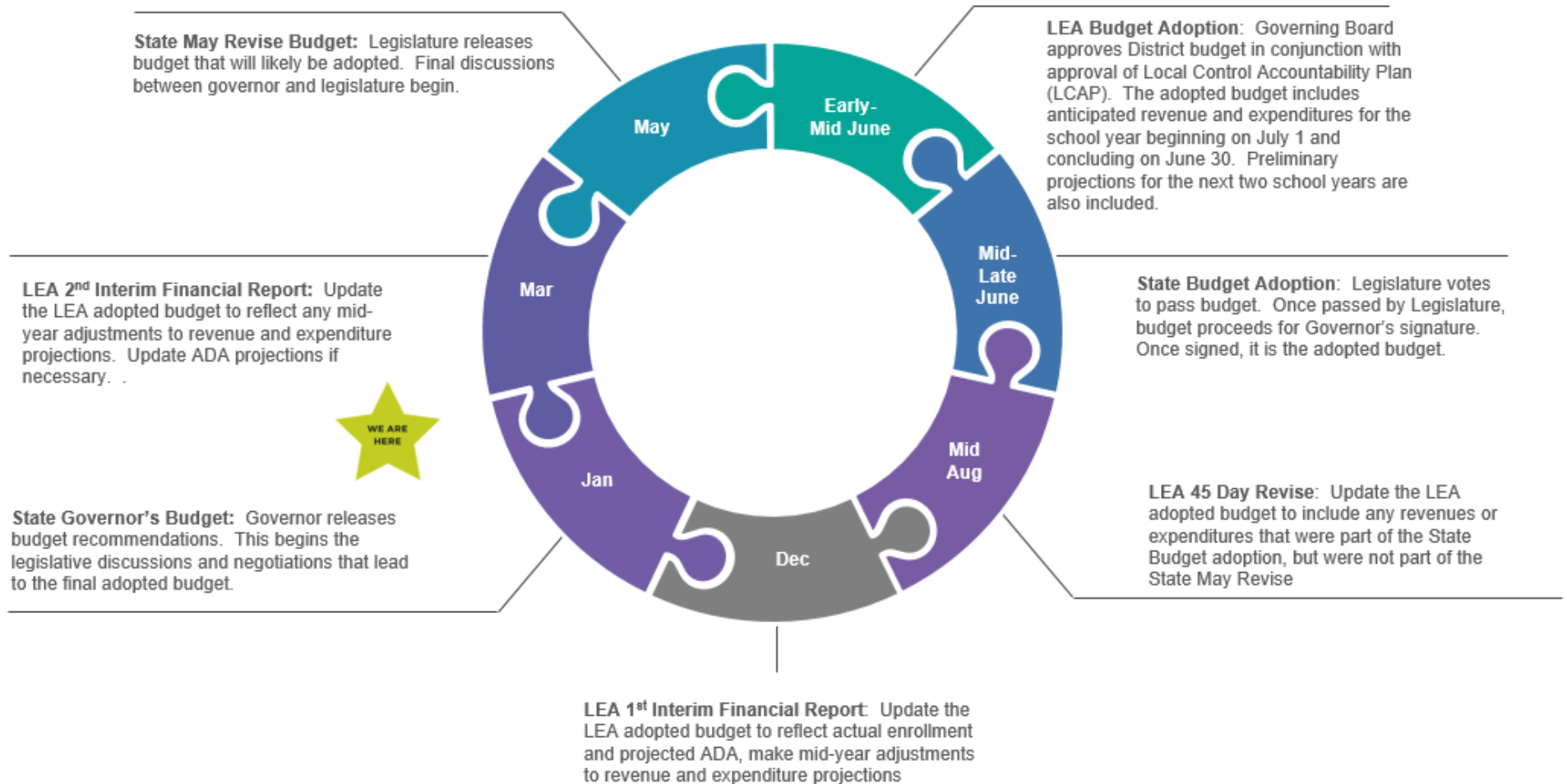
Roseland Charter School

2022-2023

Second Interim Financial Report Presentation

Board of Directors
March 8, 2023

Background Information: Budget Cycle



Budgeted Revenue:

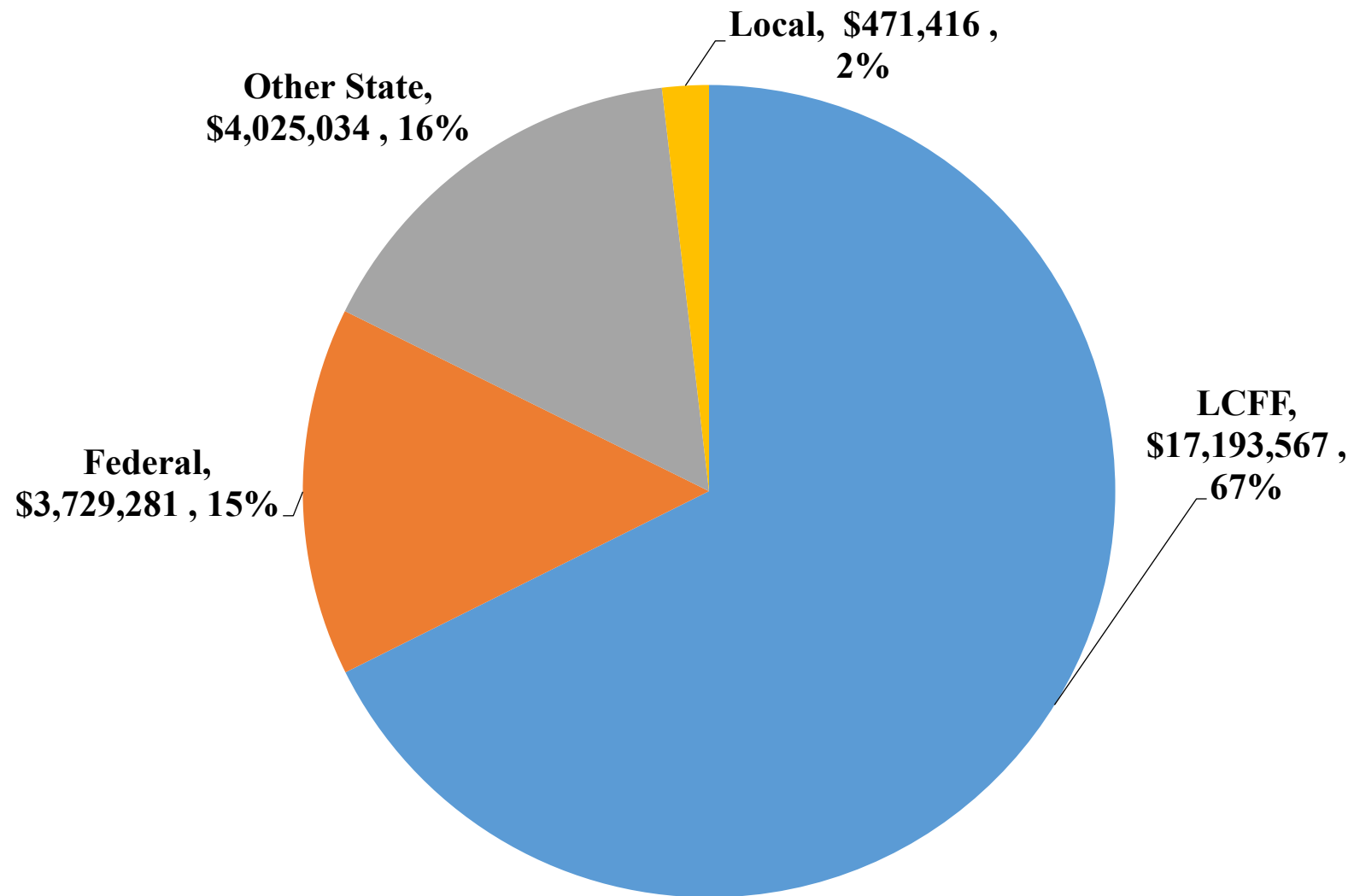
2022-23 Revenue Planning Factors:

- Enrollment: 1293
- Average Daily Attendance (ADA): 92%
- Cost Of Living Adjustment (COLA) + Base Augmentation: 13.26%

Total Revenue: \$25,419,298

Revenue Type	Amount
Unrestricted Local Control Funding Formula (LCFF)	\$17,193,567
Federal Revenues	\$3,729,281
Other State Revenues	\$4,025,034
Other Local Revenues	\$471,416
Total Revenues	\$25,419,298

Budgeted Revenue:



Future Years Budgeted Revenue:

- 2023-24: Governor's Budget projects 8.13% COLA
- 2024-25: Governor's Budget projects 3.54% COLA

This is still uncertain, and current projections require deficit spending by the state in order to fund this COLA, so our projections are more conservative for the 2nd Interim multi-year projections (MYP):

- 2023-24: 5.38% COLA
- 2024-25: 4.02% COLA

COLA will be adjusted in the recommended budget for the 2023-24 school year that will be presented in June 2023. Figures used in that projection will include the COLA included in the May Revise State Budget, and will possibly result in greater revenue projections for 2023-24 and 2024-25 than have been included in this report.

Budgeted Expenditures:

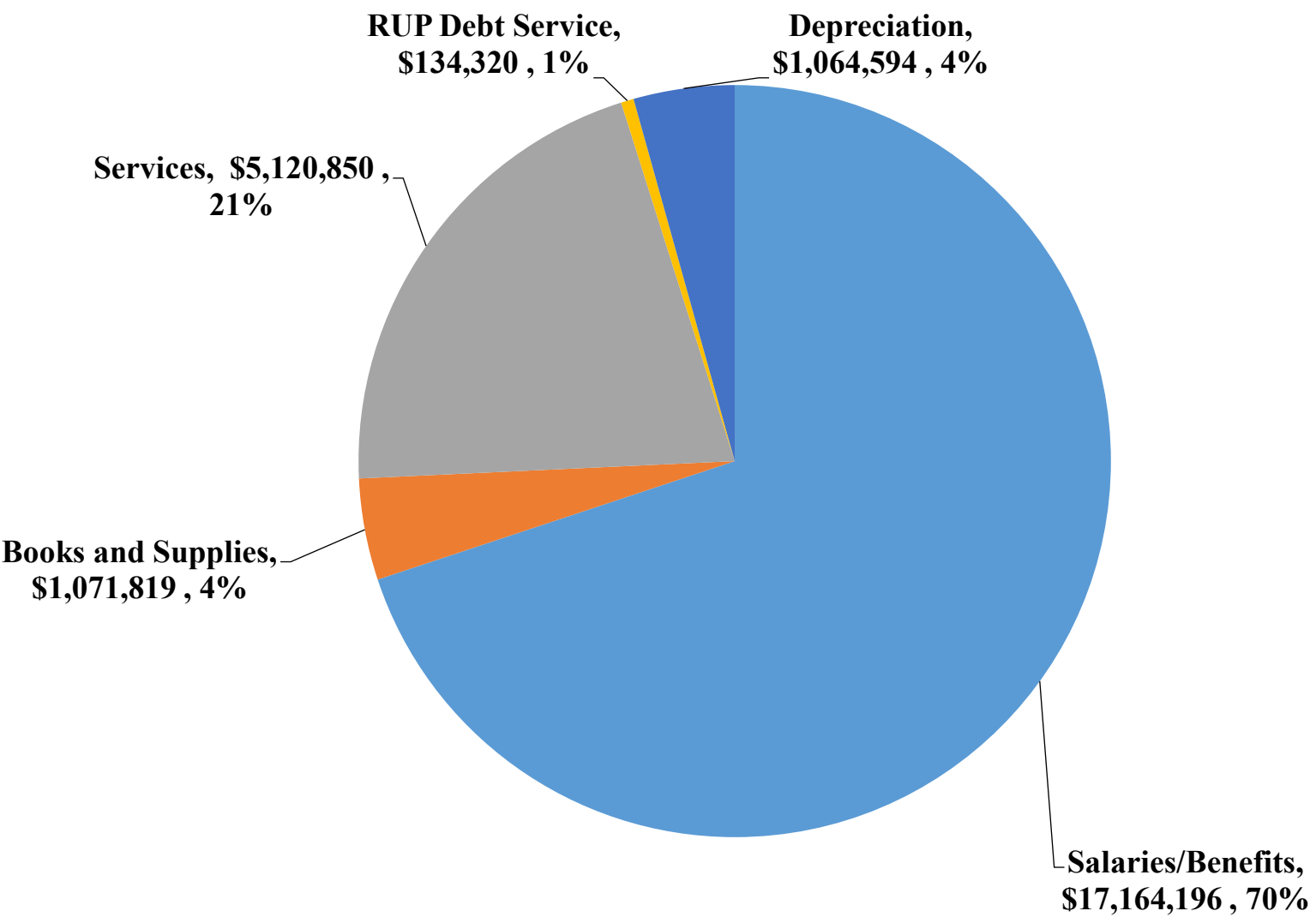
Total Expenditures: **\$24,559,882**

Expenditure Type	Amount
Core Staffing Personnel Services	\$17,164,196
Supplies	\$1,071,819
Services (non-core staffing)	\$5,120,850
RUP Debt Service (Interest Only) (1)	\$134,320
Total Expenditures (net of depreciation)	\$23,495,288
Depreciation (non-cash expenditure) (2)	\$1,064,594
Total Expenditures	\$24,559,882

1) Budgeted loan payments include interest only. Additional \$190K costs for principal payments not included in budget.

2) Depreciation is a non-cash activity, so does not affect operating cash flow.

Budgeted Expenditures:



Future Facility Loan Expenditures:

Loan Information	Payment Start Date	Original Loan Amount	Balance Remaining as of Feb 1, 2023
RUP	December 2018	\$ 7,069,694	\$ 6,269,259
RCP Purchase (1) (loan serviced by Charter Foundation)	January 2020	\$ 6,602,181	\$ 5,967,177
RAMS "Modernization"	March 2023	\$ 493,655	\$ 493,655
RAMS "New Construction" (estimated)	October 2024	\$ 7,900,000	\$ 7,900,000
Totals		\$ 22,065,530	\$ 20,630,091

1) RCP purchase costs are reflected as RCP Lease costs in budget, as the Charter School leases the campus from the Charter Foundation. RCP Purchase is financed by the seller of the property, with repayment including escalating monthly payments that conclude with a large balloon payment of \$4.5M scheduled for December 2026

Future Facility Loan Expenditures:

Scenario One: Make the RCP Balloon Payment at Loan Maturity						
	Actuals	Projected				
Site	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
RUP	\$ 322,000	\$ 322,000	\$ 322,000	\$ 322,000	\$ 322,000	\$ 322,000
RAMS "Modernization"	\$ 10,000	\$ 23,000	\$ 23,000	\$ 23,000	\$ 23,000	\$ 23,000
RAMS "New Construction"			\$ 360,000	\$ 360,000	\$ 360,000	\$ 360,000
RCP Lease	\$ 179,000	\$ 256,000	\$ 344,000	\$ 404,000	\$ 444,000	\$ 120,000
RCP Balloon Payment					\$ 4,500,000	
Total Annual Costs	\$ 511,000	\$ 601,000	\$ 1,019,000	\$ 1,109,000	\$ 5,649,000	\$ 825,000
Scenario Two: Refinance RCP Purchase Balloon Payment at Loan Maturity						
	Actuals	Projected				
Site	2022-23	2023-24	2024-25	2025-26	2026-27	2026-27
RUP	\$ 322,000	\$ 322,000	\$ 322,000	\$ 322,000	\$ 322,000	\$ 322,000
RAMS "Modernization"	\$ 10,000	\$ 23,000	\$ 23,000	\$ 23,000	\$ 23,000	\$ 23,000
RAMS "New Construction"			\$ 360,000	\$ 360,000	\$ 360,000	\$ 360,000
RCP Lease	\$ 179,000	\$ 256,000	\$ 344,000	\$ 404,000	\$ 444,000	
RCP Purchase Refinance					\$ 150,000	\$ 500,000
Total Annual Costs	\$ 511,000	\$ 601,000	\$ 1,049,000	\$ 1,109,000	\$ 1,299,000	\$ 1,205,000

Future Facility Loan Expenditures:

Assumptions for the Calculations shared on the prior slide:

1) All numbers rounded up to the next 1000s

2) The new RAMS facility was built using two loans -- one for "Modernization" and one for "New Construction" - with different repayment schedules.

3) RAMS New Construction loan is estimated based on total loan amount of \$7.9M, 2% interest and 30 year repayment, for an annual cost of \$360K. This amount is only an estimate -- OPSC has not yet provided the repayment schedule. Repayment will begin approximately one year after the RAMS MPR can be occupied. Until the construction is closed out and the actual loan repayment schedule is established, these amounts are not included in the Charter's MYP.

3) RCP is leased from the Roseland Charter Foundation. The costs included in the lease are the ownership costs -- primarily mortgage and insurance. The mortgage includes escalating repayments until 2026, at which point a \$4.5M balloon payment must be made (or the loan must be refinanced). Insurance costs have escalated significantly - projections include a 15% annual escalation. These total costs are offset by the SB740 Rental Reimbursement, which varies annually based on enrollment and state funding levels. This estimate assumes a \$280K annual reimbursement

4) RCP purchase refinance loan is estimated based on total loan amount of \$4.5M, 4% interest and 30 year repayment, for an annual cost of \$300K. The assumption is also that the lease will terminate at that point, as the Charter School will need to own the facility rather than lease it to obtain the refinance. Also assuming that insurance costs will transfer to the Charter, and the costs will decrease with the shift to RESIG rather than private commercial insurance. Assuming \$200K in insurance at that point.

Next Steps & Discussion

- This is a time of great uncertainty. Projected revenues from the state are difficult to forecast right now due to state and national economic volatility. Projected expenditures are difficult to forecast due to questions around the amounts that will be required to service loan debt for RAMS and RCP in the next few years.
 - Discussion needed to determine the best approach to sustaining housing for all Charter School students
 - It will be important to be cautious when considering new programs or positions that will create long term expenditure streams until choices regarding facility costs are implemented
- Next Roseland Charter School 2022-23 budget update will be presented in June 2023 with the recommended Budget for the 2023-24 school year.
- Final Roseland Charter School administration prepared report for the 2022-23 school year will be the Unaudited Actuals Report, presented in September 2023. This report will summarize the final revenue and expenditures for the year after the books are closed, and will provide an update on the components of the Ending Fund (Net Position). The Final Audited Report will be shared in the Winter of 2023/2024.