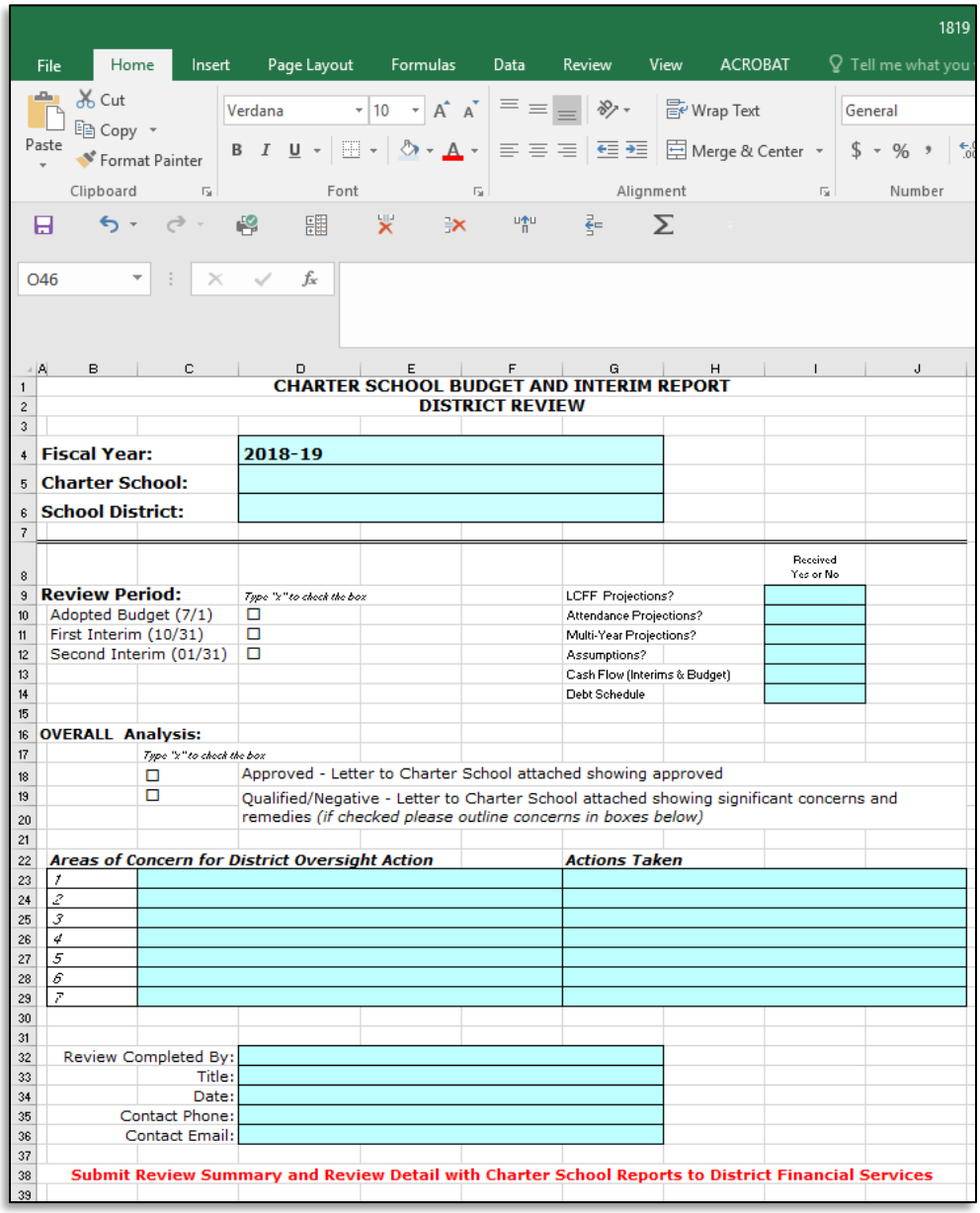
Charter School Budget and Interim Budget Review Template

This template is designed to provide analysis of a charter school's financial reports and assist in providing financial oversight. You can download the tool here. Below is a step by step guide to using the review template.

The template is designed for information to only be entered in the light blue highlighted cells. All other cells are formula driven.

1. Basic Information

Begin by entering the Charter School Name, District Name, Documents/Reports Received, Areas of Concern, and Reviewer Contact Information.



CHARTER SCHOOL BUDGET AND INTERIM REPORT
DISTRICT REVIEW

Fiscal Year:	2018-19
Charter School:	
School District:	

Review Period:	Type "x" to check the box		Received Yes or No
Adopted Budget (7/1)	☐	LCFF Projections?	
First Interim (10/31)	☐	Attendance Projections?	
Second Interim (01/31)	☐	Multi-Year Projections?	
		Assumptions?	
		Cash Flow (Interims & Budget)	
		Debt Schedule	

OVERALL Analysis:

Type "x" to check the box

☐ Approved - Letter to Charter School attached showing approved

☐ Qualified/Negative - Letter to Charter School attached showing significant concerns and remedies *(if checked please outline concerns in boxes below)*

Areas of Concern for District Oversight Action		Actions Taken
1		
2		
3		
4		
5		
6		
7		

Review Completed By:	
Title:	
Date:	
Contact Phone:	
Contact Email:	

Submit Review Summary and Review Detail with Charter School Reports to District Financial Services

2. ADA Projection

Enter actual P-2 ADA and CBEDS enrollment figures for 2015-16 through 2018-19 and enter projected ADA and enrollment for 2019-20 through 2021-22. Each fiscal year of the multi-year projection (2019-20 through 2021-22), are individually broken down for additional analysis and commentary.

ADA PROJECTION

Historical and Source DATA	ADA	*ADA Growth*		Enrollment	*Enrollment Growth*		Ratio
2015/16							
2016/17		0.00	#DIV/0!		0.00	#DIV/0!	#DIV/0!
2017/18		0.00	#DIV/0!		0.00	#DIV/0!	#DIV/0!
2018/19		0.00	#DIV/0!		0.00	#DIV/0!	#DIV/0!
2019/20		**0.00**	**#DIV/0!**		**0.00**	**#DIV/0!**	**#DIV/0!**
2020/21		**0.00**	**#DIV/0!**		**0.00**	**#DIV/0!**	**#DIV/0!**
2021/22		**0.00**	**#DIV/0!**		**0.00**	**#DIV/0!**	**#DIV/0!**
	3 year average		**#DIV/0!**			**#DIV/0!**	**#DIV/0!**

2019-20 Reasonable?			3 Year Average ADA Test
Budget Year 2018-19	**ADA**	**EST CBEDS**	Comments:
1. % of Growth over Prior Year	#DIV/0!	#DIV/0!	
2. Growth is >= 3 year Average	**#DIV/0!**	**#DIV/0!**	
3. Total Projected Charter ADA/Enroll	0.00	0.00	
4. Attendance Ratio		#DIV/0!	
5. CBEDS Ratio is >= 3 year Average		**#DIV/0!**	

2020-21 Reasonable?			3 Year Average ADA Test
1st Subsequent Year 2019-20	**ADA**	**EST CBEDS**	Comments:
1. % of Growth over Prior Year	#DIV/0!	#DIV/0!	
2. Growth is >= 3 year Average	**#DIV/0!**	**#DIV/0!**	
3. Total Projected Charter ADA/Enroll	0.00	0.00	
4. Attendance Ratio		#DIV/0!	
5. CBEDS Ratio is >= 3 year Average		**#DIV/0!**	

2021-22 Reasonable?			3 Year Average ADA Test
2nd Subsequent Year 2020-21	**ADA**	**EST CBEDS**	Comments:
1. % of Growth over Prior Year	#DIV/0!	#DIV/0!	
2. Growth is >= 3 year Average	**#DIV/0!**	**#DIV/0!**	
3. Total Projected Charter ADA/Enroll	0.00	0.00	
4. Attendance Ratio		#DIV/0!	
5. CBEDS Ratio is >= 3 year Average		**#DIV/0!**	

% of Growth over Prior Year	This field displays the percentage of growth from the prior year to the current year. If the percentage is negative the charter school has declined in ADA and/or enrollment. If the percentage is positive, the charter school has increased in ADA and/or enrollment.	Things to consider: • If growth of ADA is positive, but CBEDS is negative, why? • If ADA is declining but CBEDS is increasing, why? • What is the trend of growth from prior fiscal years? How does the current year and projection relate to prior trend?
Growth is >= 3 year Average	If Not Met, please explain the variance.	Things to Consider: • What assumptions were used?

	Not Met does not mean something is wrong or the charter school has failed, it simply means that the data used is outside the normal trend, and requires and explanation of why the data has strayed from the trend.	• What were the assumptions used based on? • Is there an explanation as to why the charter school will not operate by the trend of the past 3 years? • Has the charter school changed their program that has increased/decreased student interest? • Are there external factors that have contributed (closure of another charter school in the area, new charter school opened in the same area, school district began offering a competitive program, etc.)?
Total Projected Charter ADA/Enrollment	Data is pulled from the table above.	
Attendance Ratio	ADA/Enrollment = Attendance Ratio The attendance ratio calculates how often a student is attending school (seat-based), or what percentage of work is being completed on a regular basis (independent study/virtual).	Things to Consider: • CA Charter Schools Attendance Rate – 96.89% • San Diego Charter Schools Attendance Rate – 96.73%
CBEDS Ratio is >= 3 year Average	Average over 3 years of Student Enrollment on CBEDS day (1st Wednesday in October).	• Is the charter growing, declining, remaining flat? • Why is the charter school not following the average? • What factors contributed to the charter school not following the average?

3. Deficit Spending Trend – Operating

Deficit spending is an instance in which an LEA is spending more than what their annual revenues are. In some cases, an LEA may have one-time deficit spending to implement a new curriculum, purchase new technology, or other one-time expenses. One-time deficit spending is not necessarily a bad thing. Often the LEA may have been setting aside dollars over a few years, knowing they will have a larger purchase down the road.

Where deficit spending becomes a fiscal health concern is when an LEA is consistently deficit spending year over year. Deficit spending reduces an LEA's ending fund balance, and over time, can eliminate an ending fund balance. A structural deficit, or ongoing deficit spending, can have significant fiscal health implications and may take years to recover from.

DEFICIT SPENDING TREND-OPERATING

Is the charter school deficit spending in 2 or more consecutive years? (Yes or No)		*Going Concern?*	No

		UNRESTRICTED GENERAL FUND						
		A	B	C	E	D=B-C		D/C
	Audit Adjust.	Beg. Balance	Revenues	Expense	Ending	Surplus/deficit	Deficit Spending	*Percent Deficit*
2017/18					$ -	$ -	NO	*0.0%*
2018/19					$ -	$ -	NO	*0.0%*
2019/20					$ -	$ -	NO	*0.0%*
2020/21					$ -	$ -	NO	*0.0%*
2021/22					$ -	$ -	NO	*0.0%*

		RESTRICTED GENERAL FUND						
		A	B	C	E	D=B-C		D/C
		Beg. Balance	Revenues	Expense	Ending	Surplus/deficit	Deficit Spending	*Percent Deficit*
2017/18					$ -	$ -	NO	*0.0%*
2018/19					$ -	$ -	NO	*0.0%*
2019/20					$ -	$ -	NO	*0.0%*
2020/21					$ -	$ -	NO	*0.0%*
2021/22					$ -	$ -	NO	*0.0%*

Comments:

Things to consider in analyzing the deficit spending of a charter school:

- Is the deficit unrestricted, or restricted (typically when a deficit is seen in restricted it is because grant/categorical funds are being spent down)?
- Is the deficit one-time? Or on-going?
- How has the ending fund balance been impacted?
- If the charter school continues deficit spending will their ending fund balance drop below 3%, or become negative?
- Does the charter school have a plan to reduce and/or eliminate the deficit?
- What is causing the deficit?
    - STRS/PERS increases?
    - Overstaffing?
    - Special Education?
    - Poor budgeting?
    - Last minute expenditures, not budgeted for?

4. Change in Unrestricted Fund Balance Trends

The reserve for economic uncertainty is all or a portion of the unrestricted ending fund balance. The importance of having a healthy and stable unrestricted ending fund balance is important to assure that the charter school can meet their financial obligations in the current and subsequent years.

CHANGE IN UNRESTRICTED FUND BALANCE TRENDS

Beginning Balance		Ending Balance		Change from Prior Year	Positive / Negative	OK / Declining	Prior Year EB = BB	Variance
		2017/18	0.00		POSITIVE	OK		
2018/19	0.00	2018/19	0.00	*0.00%*	POSITIVE	OK	YES	0
2019/20	**0.00**	**2019/20**	**0.00**	***0.00%***	**POSITIVE**	**OK**	**YES**	**0**
2020/21	**0.00**	**2020/21**	**0.00**	***0.00%***	**POSITIVE**	**OK**	**YES**	**0**
2021/22	**0.00**	**2021/22**	**0.00**	***0.00%***	**POSITIVE**	**OK**	**YES**	**0**

Comments *(Audit adjustments recorded? Beginning FB = Audit report?)* :

Things to Consider:

- Is the ending fund balance positive or negative?
- Has the fund balance increased or decreased? Was it substantial? Why the change?
- Have all audit adjustments to the prior year ending fund balance/current year beginning balance been recorded?
- If the fund balance is negative why? What's the charter schools plan to have a positive ending fund balance?
- Is the ending fund balance positive because of planned reductions? Has the board adopted these reductions? Is there an itemized list of reductions?
- Are there placeholder reductions included in the multi-year? Without these placeholders would the ending fund balance be negative?

5. Reserve for Economic Uncertainties

Please refer to the Memorandum of Understanding (MOU) for the specific amount of Reserve for Economic Uncertainties (REU), to be held by the charter school. The threshold may vary depending on the authorizing agency. Some authorizers may choose to use the same State Board of Education adopted requirements as school districts, while others may determine their own threshold.

State Board of Education Adopted California School District Minimum Reserve Levels

**Percentages are based on total general fund expenditures (unrestricted and restricted)*

District ADA Range	Reserve Requirement
0 to 300 ADA	The greater of 5%* or $67,000
301 to 1,000 ADA	The greater of 4%* or $67,000
1,001 to 30,000 ADA	3%*
30,001 to 400,000 ADA	2%*
400,001 and greater ADA	1%*

RESERVE FOR ECONOMIC UNCERTAINTIES

	2019/20		2020/21		2021/22	
	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted
1. Revenues	$ -	$ -				
2. Expenditures	$ -	$ -				
3. Beginning Fund Balance	$ -	$ -	$ -	$ -	$ -	$ -
4. Ending Fund Balance	$ -	$ -	$ -	$ -	$ -	$ -
4a. Amount Designated for REU						
4b. Other Designations/Assignments						
5. Total Unappropriated/Unassigned	$ -		$ -		$ -	
Required Reserve % 5.00%	$ -		$ -		$ -	

	2019/20	2020/21	2021/22
Amounts Designated for REU (4a.)	$ -	$ -	$ -
Total Unrestricted Unappropriated/Unassigned Amount (5)	$ -	$ -	$ -
Total Available for REU	$ -	$ -	$ -
REU Requirement Met (Total Available REU >= Required Reserve Amount)	Met	Met	Met

Comments: *(Reserves sufficient for current and 2 subsequent years?)*

Things to Consider:

- Does the charter school meet the minimum required reserve in all years?
- Has the charter school made any other designations or assignments?
  - If so, what for?
- If the charter school has reserves in excess of the minimum requirement, are there plans for larger capital expenditures in future years?
- Is the reserve growing or declining in the subsequent years?

6. Multi-Year Projections

a. LCFF Calculation

The Local Control Funding Formula (LCFF) is the calculation that the State of California uses to fund public schools. The Fiscal Crisis Management Assistance Team (FCMAT), has developed an LCFF calculator for purposes of estimating an LEA's LCFF funding through a fiscal year. To download the FCMAT LCFF Calculator, please visit http://fcmat.org/local-control-funding-formula-resources/. In addition to the budget and cash flow, it is recommended that the charter school provide an LCFF calculation at each financial reporting period.

MULTI-YEAR PROJECTIONS:

1. LCFF

	2018/19	2019/20	2020/21	2021/22
ADA	-	-	-	-
Enrollment	-	-	-	-
Increasing/Declining Enroll		Increasing	Increasing	Increasing
LCFF Revenue (obj 8011-8099)				

Do ADA projections match LCFF calculator (yes or no)?

Comments:

Does LCFF revenue match LCFF calculator (yes or no)?

Comments:

Have In-Lieu Property Taxes (object 8096) been reasonably calculated (yes or no)?

Comments:

Things To Consider:

- Are the ADA assumptions used in the calculation reasonable?
  - Is the charter school anticipating an increase or decrease in ADA?
  - Are the ADA and enrollment assumptions used for the MYP the same assumptions used in the LCFF calculation?
    - The MYP assumptions and LCFF calculation assumptions should match.
- Do revenues calculated in the LCFF calculator match the revenues in the budget (obj 8011 – 8099)?
  - If no, why not?
    - Was the amount too high or too low?
    - Was the LCFF amount calculated with incorrect ADA assumptions?
- Do revenues calculated in the LCFF calculator match the revenues in the multi-year projection for all years (obj 8011 – 8099)?
  - If no, why not?
    - Was the amount too high or too low?
    - Was the LCFF amount calculated with incorrect ADA assumptions?
- Have in-lieu property taxes been calculated appropriately?
  - As the authorizer you should be able to calculate the portion of in-lieu property taxes due to the charter school using the “In-Lieu Taxes” tab of the LCFF calculator for your district.
  - The amount calculated by the authorizing district should be shared with the charter school so they can budget appropriately.

b. Reductions

Reductions are not necessarily a bad thing. Sometimes reductions are necessary due to a decline in funding, a decline in student enrollment, an ending to a grant, end of one-time dollars, just to name a few. It's important that if reductions are planned for, that they have been calculated appropriately, are board approved and are reasonable. Reductions can happen in any area and for a variety of reasons.

2. Reductions

Years	19/20	20/21	20/22
Fund Balance	$ -	$ -	$ -
Fund Balance as % of Total Expenditures	#DIV/0!	#DIV/0!	#DIV/0!

Is the Charter School planning for any reductions?	
Are reductions included in the MYP?	
Have the reductions been board approved?	

	2019/20		2020/21		2021/22	
	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted
Reductions						

Comments *(Details of reduction plan, why?)*:

Things to Consider:

- If the charter school is planning for staffing reductions, will these positions be eliminated, or replaced?
  - Is the charter school is replacing the position, has only the net reduction been budgeted for (cost of new position – cost of old position = net reduction)
  - With a reduction in staff, what will be the instructional impact?
  - Will the charter school still meet their student teacher ratio with a lower staffing level?
- Are there reductions in other places outside of salaries and benefits?
  - What are they?
  - Why are there reductions?
- Were any reductions linked to one-time revenues, or the ending of a grant?
- If there are reductions on the restricted side, are any related to special education?
  - If so, why?
- If the charter school does not implement reductions will they still have a positive ending fund balance?
  - In all years of the multi-year projection?
- If the charter school does not implement reductions will they meet reserve for economic uncertainties?
  - In all years of the multi-year projection?

- Have the reductions been board approved?

c. Special Education

Special education costs can be some of the largest costs for any LEA. It is important to understand how many and the types of special education students your charter school is serving.

3. Special Education	
What percentage of the charter school's student population is special education?	
Is the charter school under the school district, or a member LEA, for purposes of a SELPA? (District or SELPA)	
Has the charter school budgeted for special education revenues appropriately?	
Has the charter school budgeted for special education expenditures appropriately?	
Is the charter school making an unrestricted general fund contribution to special education?	yes
If so, how much is the unrestricted general fund contribution?	
Has the charter school budgeted for special education reasonably in the subsequent years?	
Comments:	

Things to Consider:

- Is the amount of special education students above, same or below the state average?
- Has the charter school accounted for both state and federal special education revenues appropriately?
- Is the charter school's special education student population growing or declining?
  - Have expenditures been appropriately accounted for based on the student population?
  - Has the charter school assessed what special education services are needed?
- Has the charter school accounted for a cost of living increase on services for future years?

d. Other Concerns

There are many areas of a charter school's financial reports should be reviewed. This section covers some additional areas that the authorizer should look at.

4. Other Concerns

	Yes or No
Compare the Charter School's prior year Unaudited Actuals to Current Year Budget. Does the Current Year Budget seem reasonable?	
Has the Charter School included reasonable health and welfare costs?	
What STRS and/or PERS employer contribution rates were used?	

STRS	2019-20	2020-21	2021-22
Charter Assumption			
Approved Rate	17.10%	18.10%	18.10%
	Not Met	Not Met	Not Met

PERS	2019-20	2020-21	2021-22
Charter Assumption			
Approved Rate	20.700%	23.40%	24.50%
	Not Met	Not Met	Not Met

Are the administrative oversight and other adminstrative and service costs budgeted?	
What percentage of oversight fees?	

Things to Consider:

- How does the current year budget compare to the prior year unaudited actuals?
- How does the current year reporting period budget compare to the prior year at the same time?
    - Have there been any major differences?
- How do current year actuals compare to current year budget?
    - Are there any areas that are overspent, or may be overspent by the end of the year?
    - Are there any areas that are likely to need a budget adjustment?
        - If so, will there be an impact to the ending fund balance?
- Is the charter school offering STRS and PERS?
    - Have all STRS/PERS reporting and payments been made timely for the current fiscal year?
- What is the oversight fee being charged to the charter school? Has it been appropriately budgeted for?
    - Oversight requirements and fees can be found in Education Code Sections 47604.32 and 47613.
- Are there additional administrative fees being charged to the charter school?
    - If so, what for?
    - Have these services been budget for?

7. Staffing and Salary Negotiations

While the majority of charter schools do not have unions or bargaining units, they still need to plan for staffing and salary increases or decreases. This section allows for the charter school's staffing and salary assumptions to be analyzed.

STAFFING/SALARY NEGOTIATIONS:

	Salary Incr/Decr Yes or No	2019/20 Amount (if decrease enter a negative number)	2019/20 %	2020/21 Amount (if decrease enter a negative number)	2020/21 %	2021/22 Amount (if decrease enter a negative number)	2021/22 %
Certificated							
Classified							
Mgmt/Oth							

TCHR FTE #	
	17/18
	18/19
	19/20
	20/21
	21/22

Things to Consider:

- Is the charter school appropriately staffed based on staffing and enrollment assumptions?
- Do increases/decreases to salaries seem reasonable?

8. Facilities

Charter school facility locations are governed by Education Code Sections 47605 (a)(4), 47605(a)(5)(A-B) and 47605(g). The authorizing agency should know exactly where all charter school locations are located at, and their budgetary impact. Adding additional facilities to a charter school can have significant impacts on the charter school's budget. The charter school should submit a material revision, including updated budget documents for the addition of a location. Having a copy of the property lease(s) can also be helpful in analyzing the amounts budgeted for facilities in the multi-year projection.

FACILITIES - RENTAL OBJECT 5600

	2018/19	2019/20	2020/21	2021/22
Number of Sites				
Rental Cost				
Site Changes		0.00%	0.00%	0.00%
Annual Rent/Lease Increase		0.00%	0.00%	0.00%

Is the Charter School anticipating adding/removing/changing locations in the current or two subsequent fiscal years?

Yes or No | Has the Charter School submitted a material revision?

Board Date | Board Action

Will there be a fiscal impact? | Amount? | Included in MYP?

Comments *(Are costs reasonable?)*:

9. Debt and Liabilities

At times it is necessary to issue debt, or a long-term liability, such as, construction, the purchase of buildings or land, and infrastructure. It is important to understand what debt and liabilities the charter school may be obligated to. Most charter schools use a full accrual basis for accounting, which does not record debt service payments in the budget under object 7438. Under the full accrual basis accounting method, debt and long term liabilities are reported in the 9600 object range. It is important to take into account how your charter school is reporting these funds. The debt and long term liability payments may only be reflected as a ledger account or on the cash flow, and not as a product of ending fund balance.

DEBT/LIABILITIES

1. Does the Charter School currently have outstanding debt/liabilities (Yes or No)?

If so, please list below.

Debt	*Total Amount of*	*Payback Terms*	*Amount Due in One Year*	Payment Source

2. Are the debt payments budgeted for in the current year budget?

3. Are the debt payments budgeted for in the MYP?

4. Are the debt payments reflected in the cash flow?

5. If the debt is not reflected in the Budget, MYP, or Cash Flow, what is the fiscal impact?

Comments:

Things to Consider:

- What is the debt or long term liability for?
- What are the terms of the debt or long term liability?
- Do you have a copy of the debt issuance or long term liability statement?
- Do you have a copy of the terms of the debt or long term liability?
- Does the charter school have the ability to pay back the debt or long term liability?
- Has the charter defaulted on any of the debt service payments?

10. Cash Flow Projections

A cash flow projection allows for an LEA to best project their cash balances for each month in the fiscal year. The projection should be based on local, state and federal apportionment schedules, as well as when monthly and annual expenditures are paid. Because some apportionment schedules are not in sync with when a related expenditure needs to be paid, an LEA may have participate in short term borrowing to bridge the gap between when the expenditure needs to be paid and when the revenues will actually be received.

CASH FLOW PROJECTIONS:

Beginning Cash		Cash Flow Ending Cash Balance	Reasonably Projected?	Negative?
	July			Positive
	August			Positive
	September			Positive
	October			Positive
	November			Positive
	December			Positive
	January			Positive
	February			Positive
	March			Positive
	April			Positive
	May			Positive
	June			Positive

Does cash annual total, by major object code, match to the current budget? (Yes or No)

If no, why not?

Is there Negative Cash in Any Month?

Is the cash shortage short term or structural?

How does the Charter School plan to operate and resolve the cash shortage?

Comments:

Things to Consider:

- Has the charter school factored, or sold, any of their receivables?
    - If so, how often?
- Is the charter part of a larger organization (CMO, sister charters)?
    - Does the charter anticipate borrowing from the CMO or a sister charter?
        - If so, is it reflected in the cash flow?
        - What are the terms of repayment?