

**CHARTER SCHOOL FACILITIES PROGRAM  
PROPOSITION 1D 2009 AND 2014 FUNDING ROUND  
STAFF SUMMARY REPORT – APRIL 2015**

<b>Applicant/Obligor:</b>	Roseland Charter School
<b>Project School:</b>	Roseland Charter School
<b>CDS (County – District – School) Code:</b>	49-70904-0101923
<b>School Address/Proposed Site:</b>	1777 West Ave., Santa Rosa, CA 95407
<b>Type of Project:</b>	New Construction/Rehabilitation
<b>County:</b>	Sonoma County
<b>District in which Project is Located:</b>	Roseland Elementary School District
<b>Charter Authorizer:</b>	Roseland Elementary School District
	NC: \$10,229,850
	<u>Rehab: \$709,172</u>
<b>Total OPSC Project Cost:</b>	Total: \$10,939,022
	NC: \$5,114,925
	<u>Rehab: \$354,586</u>
<b>State Apportionment (50% Project Cost):</b>	Total: \$5,469,511
<b>Lump Sum Contribution:</b>	N/A
	NC: \$5,114,925
	<u>Rehab: \$354,586</u>
<b>Total CSFP Financed Amount:</b>	Total: \$5,469,511
<b>Length of CSFP Funding Agreement:</b>	30 years
<b>Assumed Interest Rate:</b>	3.00%
	NC: \$260,960
	<u>Rehab: \$18,091</u>
<b>Estimated Annual CSFP Payment:</b>	Total: \$279,050
<b>First Year of Occupancy of New Project:</b>	2017-18

**Staff Recommendation – Preliminary Apportionment:** Staff recommends that the Authority determine that Roseland is financially sound for purposes of CSFP Preliminary or Advance Apportionment, but not Final Apportionment (Roseland Accelerated Middle project). This recommendation is contingent upon Roseland having its CSFP payments intercepted at the state level, pursuant to Sections 17199.4 and 17078.57(a)(1)(A) of the Education Code. This determination as it relates to Preliminary Apportionment is in place for six months and assumes no financial, operational, or legal material findings within this time period. Staff recommends that the Authority staff to notify the Office of Public School Construction (OPSC) and the State Allocation Board regarding this determination.

<b>Applicant:</b>	Roseland Charter School
<b>Project School:</b>	Roseland Charter School
<b>CDS (County-District-School) Code:</b>	49-70904-0101923
<b>Proposed Project Location:</b>	1934 Biwana Dr., Santa Rosa, CA
<b>Type of Project:</b>	New Construction
<b>County:</b>	Sonoma County
<b>School District Where Located:</b>	Roseland Elementary School District
<b>Chartering Entity:</b>	Roseland Elementary School District
<b>OPSC Project Cost:</b>	\$14,167,432
<b>Total State Apportionment:</b>	\$7,083,716
<b>Lump Sum Contribution:</b>	\$450,000
<b>Total CSFP Lease Amount:</b>	\$6,633,716
<b>Length Of CSFP Lease Payments:</b>	30 years
<b>Assumed Interest Rate On Obligation:</b>	3.00%
<b>Estimated Annual CSFP Lease Payment:</b>	\$338,447
<b>First Year Of Occupancy Of New Project:</b>	2017-18

**Staff Recommendation – Final Apportionment:** Staff recommends that the California School Finance Authority (Authority) determine that Roseland Charter School (Roseland) is financially sound for purposes of the Charter School Facilities Program (CSFP) Final Apportionment (Roseland University Prep project). This recommendation is contingent upon Roseland having its CSFP payments intercepted at the state level, pursuant to Sections 17199.4 and 17078.57(a)(1)(A) of the Education Code. This determination as it relates to Final Apportionment is in place for six months and assumes no financial, operational, or legal material findings within this time period. Staff recommends that the Authority staff to notify the Office of Public School Construction (OPSC) and the State Allocation Board regarding this determination.

**Background:** On June 27, 2011, the Authority determined that Roseland was financially sound for a Preliminary Apportionment of \$13,470,182 through the Proposition 1D-2009 funding round of the Charter School Facilities Program, and at its July 12, 2011 meeting, the State Allocation Board (SAB) awarded Roseland a Preliminary Apportionment in this amount. On April 25, 2012, Roseland was found financially sound for Advance Apportionments for design and site acquisition for construction of a new facility for its high school program. Roseland received its Advance release of funds for design on May 31, 2012 (\$1,235,176.20) and site acquisition on June 19, 2013 (\$1,370,720). Roseland is now seeking Final Apportionment for its CSFP project with total project costs at \$14,167,432 (Roseland University Prep project).

In addition to its request for Final Apportionment for Roseland University Prep, Roseland is now seeking Preliminary Apportionment for new construction and rehabilitation for its middle school campus, Roseland Accelerated Middle School (RAMS).

**Application Highlights:** Highlighted below are key criteria that were evaluated when conducting the financial soundness review of Roseland Charter School. Detailed information is contained in the body of the report.

<b>Criteria</b>	<b>Comments</b>
<b>Eligibility Criteria</b>	Roseland has met all Program eligibility criteria: 1) a charter is in place and effective through June 30, 2018; 2) Roseland has at least two years of instructional operations; and 3) Roseland is in compliance with the terms of its charter and in good standing with its chartering authorizer.
<b>Demographic Information</b>	Roseland currently serves 1,137 students in grades K-3 and 7-12 and projects enrollment of 1,503 students upon project occupancy in 2017-18. Roseland Charter has achieved consistent growth of approximately 16% per year over the past four years, retention rates of 95% and 97% for the past two years, and average daily attendance of 96% for the most recent year reported, 2013-14.
<b>Debt Service Coverage</b>	Roseland’s projected debt service coverage for 2018-19 and 2019-20 (first two years of CSFP payments) is 135.4% and 120.1%, respectively.
<b>Other Financial Factors</b>	<ol style="list-style-type: none"> <li>1. As of June 30, 2014, Roseland had cash-on-hand of \$2.57 million, and net working capital of \$3.73 million, representing 42.1% of expenses.</li> <li>2. Roseland has committed to making a \$450,000 lump-sum payment toward the local matching share for the CSFP project during 2014-15.</li> </ol>
<b>Student Performance</b>	<ol style="list-style-type: none"> <li>1. Roseland met all AYP criteria in 2012-13.</li> <li>2. Roseland’s statewide and similar-schools rankings for 2013-14 were “6” and “10” (“10” = best), respectively.</li> <li>3. Roseland met its API statewide growth target for 2010-11 and 2012-13.</li> </ol>

**Program Eligibility:** On February 19, 2015, staff received verification from the Roseland Elementary School District (District) confirming that Roseland Charter School is currently (1) in compliance with the terms of its charter agreement, and (2) in good standing with its chartering authority. Roseland’s charter is effective through June 30, 2018.

**Legal Status Questionnaire:** Staff reviewed Roseland’s responses to the questions contained in the Legal Status Questionnaire (LSQ) signed on February 10, 2015. The school answered “None” to each of the two questions, indicating that it has no material information to disclose relating to legal or regulatory proceedings, or legal action in which it or any of its affiliates is a named party.

**Project Description:** The high school project involves construction of a 32,000 sq. ft. multi-story building on a small 1.896 acre site. The new facility for the high school program, Roseland University Prep, to be located at 1934 Biwana Drive, will serve up to approximately 450 students in grades 9-12 in 19 classrooms. The CSFP project will consist of the new construction of a 2-story multi-purpose classroom building that includes specialty classrooms for media, nutrition and health, and performing arts. Athletic fields and the gymnasium will be

shared with the adjacent public school, Sheppard Elementary, and its middle school program, Roseland Accelerated Middle School Program. Project completion and occupancy (Roseland University Prep) is anticipated in 2017-18.

The middle school project consists of renovation of two existing 1,000-square-foot portable structures, and new construction of a 20,000-square-foot multi-story building. The multi-story building will include 13 classrooms (including specialty classrooms), a library, and communal gathering space. Currently the school is housed in portable structures on the long-term school location, the corner of West Avenue and Liana Road. The athletic fields and gym will be shared with Sheppard Elementary and Roseland University Prep High, which will be constructed in 2016-17. The anticipated student capacity is 350 students, and the anticipated first full-year of occupancy is 2017-18.

**Organizational Information:** Roseland is an independent charter school and not-for-profit public benefit organization with a 501(c)(3) status, currently serving grades K-3 and 7-12, and chartered for grades K-12. Roseland received its first charter from Santa Rosa City School District and transferred to the Roseland Elementary School District in 2003. Roseland began instructional operations as a middle school in 2003-04 with 186 students in grades 7 and 8. The high school program was established in 2004-05 with 78 students in grade 9.

Although Roseland operates as an independent charter school in which it manages its own budget and is subject to independent audits, the District provides business services as well as management support to Roseland, and the District Superintendent has direct involvement in day-to-day operations. In addition, Roseland's certificated and classified staff is paid directly by the District, and Roseland reimburses the District for salaries and benefits that the District pays on behalf of Roseland.

Roseland has three major programs, an elementary, middle, and high school program. The elementary school program began in 2011-12 with kindergartners only and the addition of one new grade per year through promotion. The middle school program, Roseland Accelerated Middle School (RAMS), started operations in September 2003, serves grades 7-8, and shares its facilities with Sheppard Elementary School at 1777 West Avenue, Santa Rosa. Its high school program, Roseland University Prep, started operations in September 2004 and serves students in grades 9-12, with facilities located at 100 Sebastopol Road, Santa Rosa. Roseland also added a second middle school facility beginning 2012-13 at 80 Ursuline Road, Santa Rosa, California. Roseland currently serves 1,137 students, including 171 elementary school students (grades K-4), 424 middle school students (grades 7-8), and 542 students high school students (grades 9-12). It is noteworthy that Roseland's elementary school program (grades K-6) is budget neutral, in that the District is covering all operating expenses without Roseland bearing any financial risk, and revenues for elementary grades do not result in net revenues for the school.

Based on materials that Roseland submitted in its application, Roseland indicates that it has implemented a comprehensive approach to school reform designed to improve schooling for young people in at-risk communities. Centered on "The Accelerated Schools' Powerful Learning" teaching methodology, a combination of small and large group instruction is used with one-on-one help available as needed. This methodology has five theoretical components which shape the delivery of instruction in every classroom: authentic, interactive, learner-centered, inclusive, and continuous. Roseland further describes that all teachers receive

specialized and continuous training in how to implement this teaching methodology in their classrooms.

Based on the school’s current student population statistics, 82% fall below the federal poverty line; 75% are English Language Learners; 85% are Hispanic; and 80% of the student’s parents have not graduated from high school.

**Educational Management Organization:** Not applicable.

**Management Experience:** The school’s personnel and management team demonstrate professional, experienced, and qualified individuals serving in key capacities within the organization. Key staff include the following: Amy Jones-Kerr, Superintendent; Haley Piazza, Principal for RAMS; and Sue Reese, Superintendent for RUP.

Amy Jones-Kerr has served as Superintendent since 2014. Prior to this position, Ms. Jones-Kerr served as Principal of Roseland Charter (Roseland Collegiate Prep and Roseland University Prep) (2004-14), Assistant Principal of Roseland Accelerated Middle (2003-04), teacher at Roseland Accelerated Middle (2002-03), and teacher at Sheppard Elementary School (1996-2002). Ms. Jones-Kerr holds the following California State credentials: Administrative Services Credential; Professional Clear Credential; and Multiple-Subject-Bilingual Teaching Credential.

Haley Piazza has served as Principal of RAMS since 2013. Prior to this position, Ms. Piazza served as Assistant Principal at RAMS (2010-13), and teacher at Sheppard Elementary School (2006-10). Ms. Piazza holds a Clear Administrative Services Credential and Multiple Subject Credential.

Sue Reese has served as Principal of RUP since 2014. Prior to this position, Ms. Reese served elementary school teacher within Roseland Elementary School District. Ms. Reese holds a Multiple Subject Credential and Administrative Services Credential.

**Management Experience for Schools Open Less Than Two Years:** Not applicable since Roseland has been in operation as a charter school since 2003.

**Board Experience:** Roseland is governed by the five-member Roseland Charter School Board of Directors. The board is responsible for the school’s overall governance, including establishing operating policies and procedures. The board holds member elections each December at the annual organizational meeting; and is currently represented by one parent (who is also a member of the Roseland Elementary School District Board of Directors), three community members, and a Sonoma State University representative. The following table depicts Roseland’s current Board composition.

NAME	OCCUPATION	COUNTY OF RESIDENCE	TERM OF OFFICE* (years)
Ricardo Navarrette	Santa Rosa Community College Vice President of Student Services	Sonoma	2010-present
Carlos Ayala	Sonoma State University, Professor of Education	Sonoma	2010-present

Sondra Beam, Board President	Pharmaceutical Medicine	Sonoma	2002- present
Ronnie Wilson, Board Vice President	Self-Employed	Sonoma	2001- present
Robert Reynolds	CFO, Innovative Business Solutions, Inc.	Sonoma	2014 - present

*\* All Board members' terms end on June 30, but are subject to automatic renewal each year for an additional year until such time as they resign.*

In addition, the Roseland Charter School Community Advisory Board provides expertise, support, and encouragement toward advancing the school’s mission. More than 40 community leaders serve on this advisory board.

**Student Performance:** Pursuant to SB X51 (2010), a designated California State Commission was given the authority to review the Common Core State Standards (Standards), as promulgated by the U.S. Department of Education, and make recommendations to the California Board of Education (Board). This resulted in the Board’s adoption of the Standards for purposes of statewide accountability on academic performance. Although this adoption does not directly require all local educational agencies (LEAs) to adopt the Standards, pursuant to Education Code, Sections 52060 through 52077, in order for districts to receive funding through LCFF, school districts must submit “Local Control and Accountability Plans” (LCAPs) to their respective county offices of education that address State and local educational priorities, and, pursuant to Education Code, Section 52060(d)(2), these priorities must include Common Core State Standards.

Assessments based on the Standards are derived from the “Smarter Balanced Assessment System,” the test planned for initial implementation in spring 2015 for purposes of establishing a baseline for comparing academic performance between schools, and subsequent improvement. As such, the Standards do not currently provide metrics for comparing academic performance between schools.

It is noteworthy that since 2013, CDE’s Accountability Progress Reporting has significantly changed in that Growth Academic Performance Index (API) and Base API reporting has been temporarily suspended and rankings are no longer being reported, and Adequate Yearly Progress (AYP) reporting pursuant the No Child Left Behind Act of 2001 has been limited to public high schools receiving Title 1 funding when they meet specific enrollment criteria.

Staff notes that the percent-proficient threshold requirement for AYP, both for English-language arts and mathematics, in accordance with the Elementary and Secondary Education Act (ESEA), has reflected increases each year up to 2012-13 when the percent-proficient requirement in both mathematics and English-language arts reached approximately 89%.<sup>[1]</sup> Therefore, with each successive year, charter schools have been increasingly challenged in “making AYP” (meeting all AYP criteria). This requirement applies to both school wide performance and performance of each numerically significant subgroup within any school.

Because of its implications for student enrollment stability and growth, staff views student performance as a leading indicator of a charter school’s financial position. However, due the recent changes to Common Core State Standards, student performance information for

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<sup>[1]</sup> Information regarding AYP requirements are derived from the California Department of Education’s “2013 Adequate Yearly Progress Report Information Guide.”

purposes of the financial soundness determination is limited to API up until 2012-13 and AYP up to 2012-13 with the exception of specific high schools receiving Title 1 funding.

Roseland has more than four years of reported API scores and AYP results, allowing a review of progress and comparison to similar schools. The following table summarizes Roseland’s student performance for 2009-10 through 2012-13, the four most recent years reported.

Roseland Charter School	FY 2009/10	FY 2010/11	FY 2011/12	FY 2012/13
<b>ADEQUATE YEARLY PROGRESS (AYP)</b>				
Met All AYP Criteria?	No	No	No	Yes
Criteria Met / Required Criteria	14 / 17	10 / 18	13 / 18	18 / 18
Met API Indicator for AYP?	Yes	Yes	Yes	Yes
Met Graduation Rate?	NA	Yes	Yes	Yes
<b>ACADEMIC PERFORMANCE INDEX (API)</b>				
Met Schoolwide Growth Target?	No	Yes	No	Yes
Met Comparable Improvement Growth Target?	No	No	No	Yes
Met Both Schoolwide & CI Growth Targets?	No	No	No	Yes
API Base Statewide Rank (10 = best)	6	5	5	5
API Base Similar Schools Rank (10 = best)	10	8	7	9
School's Actual Growth	4	8	-3	21
Similar Schools Median of Actual Growth	17	8	0	N/A
Did School's Growth Exceed Median?	No	No	No	N/A

Roseland has achieved API growth scores of 746, 753, 748, and 767 for each year from 2009-10 to 2012-13, respectively. Based on its API base scores, Roseland’s statewide rankings were “5” and “5” for 2011-12 and 2012-13, respectively, and Roseland’s similar-schools rankings were “7” and “9,” respectively (“10” = best). In addition, though not in the table above, Roseland’s statewide and similar-schools rankings for 2013-14 were “6” and “10”, respectively. In three of the past four years (all years except 2012-13), Roseland failed to meet all of its AYP criteria. However, the fact that Roseland met its AYP in 2012-13 reflects significant improvement, given the difficulty in meeting a percent proficient threshold in math and English-language arts of approximately 89%. Roseland met its API statewide growth target for 2010-11 and 2012-13, but not for 2009-10 and 2011-12.

At the time of Roseland’s Advance Apportionment in 2012, staff recommended reevaluation of Roseland’s performance upon Final Apportionment. Staff’s current review demonstrates that Roseland has shown significant improvement with API and AYP, which supports a recommendation for financial soundness.

**Enrollment and Retention Rates:** Not including the recent addition of elementary school grades since 2011-12 (K-3 for the current 2014-15 year), which are covered by the District’s budget, Roseland has shown consistent growth since its first year of operations in 2003-04, growing from approximately 186 students in grades 7-8 in 2003-04 , 689 students in grades 7-12 in 2010-11, 747 students in grades K and 7-12 in 2011-12 (includes 42 students in grade K), 870 students in grades K-1 and 7-12 in 2012-13 (includes 84 students in grade K-1), 1,001 students in grades K-2 and 7-12 in 2013-14 (includes 132 students in grades K-2), and 1,137 students in grades K-3 and 7-12 in 2014-15 (includes 171 students in grades K-3). This represents overall growth in the past four years (since 2010-11) of 65%, or average annual growth of approximately 16%. Roseland is projecting enrollment growth to 1,254

students in 2015-16, 1,378 students in 2016-17, and 1,503 students in all subsequent years, including the first year of project occupancy.

Staff notes that Roseland’s elementary school program (grades K-6) is budget neutral, in that the District is covering all operating expenses without Roseland bearing any financial risk, and revenues for elementary grades do not result in net revenues for the school. For grades 7-12 only, Roseland’s enrollment was 689, 705, 786, 869, 966 students for 2010-11 through 2014-15, respectively, representing overall growth of 40% over the past four years, or approximately 10% per year. For grades 7-12 only, Roseland is projecting enrollment growth to 1,042 students in 2015-16, 1,124 students in 2016-17, and 1,207 students in all subsequent years. This represents growth of 25% over three years, or approximately 8% growth per year, which is reasonable and consistent with its historical trend.

Roseland currently has 44 students on its wait list for the middle school program and 16 students on its wait list for the high school program. For 2013-14 and 2014-15, Roseland achieved year-to-year retention rates of 95% and 97%, respectively. Based on the 2013-14 P-2 report, Roseland achieved an average daily attendance (ADA) of 96% for that year, which is consistent with the ADA assumption of 95% incorporated into the multi-year budget projections.

Staff considers Roseland’s overall enrollment growth and performance in terms of student retention and attendance to be supportive of a recommendation for financial soundness.

**Financial Analysis:** Highlighted below are selected financial data and credit indicators used to evaluate Roseland Charter School’s ability to meet its CSFP obligation. Staff’s evaluation of the applicant’s financial performance is based on review of the following documents: (1) Roseland’s audited financial statements for 2010-11 through 2013-14; (2) Roseland’s multi-year budget projections for 2014-15 through 2019-20, and (3) projected enrollment for all grades through 2019-20.

Roseland Charter School	Actual FY 2012/13	Actual FY 2013/14	Budget FY 2014/15	Projected FY 2015/16	Projected FY 2016/17	Projected FY 2017/18	Projected FY 2018/19	Projected FY 2019/20
<b>ENROLLMENT PROJECTIONS</b>								
Enrollment	870	1,001	1,137	1,254	1,378	1,503	1,503	1,503
Average Daily Attendance	840	961	1,078	1,202	1,321	1,440	1,440	1,440
Average Daily Attendance (%)	97%	96%	95%	96%	96%	96%	96%	96%
<b>FINANCIAL PROJECTIONS</b>								
Total Revenues Available for CSFP Payment	\$ 8,567,559	\$ 9,356,800	\$ 10,784,673	\$ 12,942,405	\$ 14,706,679	\$ 16,370,852	\$ 16,947,319	\$ 17,384,699
Total Expenses Paid Before CSFP Payment	7,182,231	8,861,934	10,734,767	12,734,666	14,325,695	16,110,262	16,111,305	16,643,267
Accounting Adjustments	117,692	4,068	42,767	42,767	42,767	34,136	-	-
Net Revenues Available for CSFP Payment	\$ 1,503,020	\$ 498,934	\$ 92,673	\$ 250,506	\$ 423,751	\$ 294,726	\$ 836,014	\$ 741,432
CSFP Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 617,498	\$ 617,498
Net Revenues After CSFP Payment	\$ 1,503,020	\$ 498,934	\$ 92,673	\$ 250,506	\$ 423,751	\$ 294,726	\$ 218,516	\$ 123,934
<b>FINANCIAL INDICATORS</b>								
Net Revenues Available for CSFP Payment	\$ 1,503,020	\$ 498,934	\$ 92,673	\$ 250,506	\$ 423,751	\$ 294,726	\$ 836,014	\$ 741,432
Debt Service Coverage by Net Revenues	N/A	N/A	N/A	N/A	N/A	N/A	135.4%	120.1%
Contributions	\$ -	\$ -	\$ 205,000	\$ 125,000	\$ 125,000	\$ 125,000	\$ 125,000	\$ 125,000
Debt Service Coverage by Net Revenues (w/out Contributions)	N/A	N/A	N/A	N/A	N/A	N/A	115.1%	99.8%
CSFP Lease Payment / Revenues	N/A	N/A	N/A	N/A	N/A	N/A	3.6%	3.6%
Contributions / Revenues	N/A	N/A	1.9%	1.0%	0.8%	0.8%	0.7%	0.7%
Net Revenues After CSFP Payment / Revenues	17.5%	5.3%	0.9%	1.9%	2.9%	1.8%	1.3%	0.7%
Revenues / ADA	\$ 10,199	\$ 9,737	\$ 10,004	\$ 10,767	\$ 11,133	\$ 11,369	\$ 11,769	\$ 12,073
Expenses / ADA	\$ 8,550	\$ 9,222	\$ 9,958	\$ 10,595	\$ 10,845	\$ 11,188	\$ 11,617	\$ 11,987
Surplus (Deficit) / ADA	\$ 1,649	\$ 515	\$ 46	\$ 173	\$ 288	\$ 181	\$ 152	\$ 86
Net Working Capital	\$ 4,062,572	\$ 3,733,908						
Net Working Capital / Expenses	56.6%	42.1%						

Staff's assessment of Roseland's financial status is based on the following assumptions: (1) current student enrollment of 1,137 and projected student enrollment of 1,254 for 2015-16, 1,378 for 2016-17, and 1,503 through 2019-20; (2) projected ADA rates of 96% each of 2015-16 through 2019-20; (3) 2014-15 LCFF Entitlement funding rates and projections incorporating COLA's of 0.85%, 1.58%, 2.00%, 2.50%, and 2.70% from 2015-16 through 2019-20. The projections also assume GAP funding increases of 32.19% and 17.50% in 2015-16 and 2016-17. (5) Expense categories including salaries and benefits show annual increases between 3.5%-6.0%. Books and supplies, services and miscellaneous expenses increase annually on average by 2.0%.

Long-Term Liabilities – Based on the financial statements as of June 30, 2014, Roseland had no outstanding long-term liabilities. However, Roseland has entered into lease agreements for the current school facilities. Roseland estimates future annual payments of \$497,764, \$520,064, \$491,497, \$491,497, and \$269,600 from 2014-15 through 2018-19, respectively.

Performance/Change in Net Assets: As of June 30, 2014, Roseland maintained an unrestricted fund balance of \$4.59 million with only capital leases as long-term obligations. Although Roseland anticipates net revenues of \$92,673 for the current 2014-15 budget year, historically Roseland has exhibited strong performance with net revenues of \$1.50 million, \$498,934 for 2012-13 and 2013-14, respectively. Roseland projects increases in both revenue and expenditures per ADA through 2019-20 but maintaining positive net revenues in all years. Roseland anticipates net revenues of \$250,506, \$423,751, and \$294,726 in projected years 2015-16 through 2017-18, respectively. Projections for 2018-19 and 2019-20 indicate net revenues available to pay the CSFP lease payment of \$836,014 and \$741,432.

Debt Service Coverage: Assuming total project costs of \$25,106,454, a 3.0% interest rate, a 30-year repayment period, first full year of project occupancy in 2017-18, and Roseland making a lump-sum payment of \$450,000, Roseland's annual CSFP payment will be \$617,498 beginning in 2018-19. With projected net revenues of \$836,014 and \$741,432 for 2018-19 and 2019-20, respectively, Roseland anticipates debt service coverage of 135.4% and 120.1% for these years. CSFP payments would represent 3.6% of revenues for 2018-19 and 2019-20, which is well within the 10-15% recommended maximum threshold. Contributions make up a relatively small portion of Roseland's projected annual revenues at \$125,000 (0.7% as a percentage of revenues) and are not heavily relied upon to project 100% debt service coverage in either 2018-19 or 2019-20.

Liquidity: Based on financial statements as of June 30, 2014, Roseland held \$4.59 million in cash and cash equivalents. Liquidity measured in terms of net working capital (NWC) is calculated by subtracting current liabilities from current assets. Roseland's NWC for 2011-12 and 2012-13 was \$4.06 million (56.6% of total expenses) and \$3.73 million (42.1% of total expenses), respectively. Both of these meet the targeted NWC of 5.0% or more of total expenses.

Based on the assumptions applied to Roseland's financial projections, Authority staff finds that its financial analysis supports a recommendation for financial soundness.

**Strengths Weaknesses, and Mitigants:**

- + Roseland has demonstrated consistent enrollment growth since it began operations in 2003-04 with growth from 186 students in 2003-04 to 1,137 students for the current

2014-15 school year, and anticipates 1,503 for all projected years after project occupancy.

- + Roseland met all AYP criteria in 2012-13. In addition, based on its API base score for 2012-13, Roseland achieved a statewide rank of “6” and a similar schools rank of “10” (“10” = best).
- + Roseland projects debt service coverage of 135.4% and 120.1% for 2018-19 and 2019-20, respectively, which meets the Program’s minimum debt service coverage requirement of 100%.

**Staff Recommendation – Preliminary Apportionment:** Staff recommends that the Authority determine that Roseland is financially sound for purposes of CSFP Preliminary or Advance Apportionment, but not Final Apportionment (Roseland Accelerated Middle project). This recommendation is contingent upon Roseland having its CSFP payments intercepted at the state level, pursuant to Sections 17199.4 and 17078.57(a)(1)(A) of the Education Code. This determination as it relates to Preliminary Apportionment is in place for six months and assumes no financial, operational, or legal material findings within this time period. Staff recommends that the Authority staff to notify the Office of Public School Construction (OPSC) and the State Allocation Board regarding this determination.

**Staff Recommendation – Final Apportionment:** Staff recommends that the California School Finance Authority (Authority) determine that Roseland Charter School (Roseland) is financially sound for purposes of the Charter School Facilities Program (CSFP) Final Apportionment (Roseland University Prep project). This recommendation is contingent upon Roseland having its CSFP payments intercepted at the state level, pursuant to Sections 17199.4 and 17078.57(a)(1)(A) of the Education Code. This determination as it relates to Final Apportionment is in place for six months and assumes no financial, operational, or legal material findings within this time period. Staff recommends that the Authority staff to notify the Office of Public School Construction (OPSC) and the State Allocation Board regarding this determination.