

**CHARTER SCHOOL FACILITIES PROGRAM
PROPOSITION 1D 2009 FUNDING ROUND
STAFF SUMMARY REPORT – NOVEMBER 2012**

Applicant:	Roseland Charter School
Project School:	Roseland Charter School
CDS (County-District-School) Code:	49-70904-0101923
Proposed Project Location:	1934 Biwana Drive, Santa Rosa, CA 95407
Type of Project:	New Construction
County:	Sonoma County
School District Where Located:	Roseland Elementary School District
Chartering Entity:	Roseland Elementary School District
OPSC Project Cost:	\$13,920,182
Total State Apportionment:	\$6,960,091
Lump Sum Contribution:	\$450,000
Total CSFP Lease Amount:	\$6,510,091
Length Of CSFP Lease Payments:	30 years
Assumed Interest Rate On Obligation:	3.00%
Estimated Annual CSFP Lease Payment:	\$332,140
First Year Of Occupancy Of New Project:	2014-15

Staff Recommendation: 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) Advance and Final Apportionments. 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. Staff recommends that the Authority members direct 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 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 of \$1,235,176 for design and \$1,370,720 for site acquisition for construction of a new facility for its high school program, Roseland University Prep (RUP). Roseland received its Advance release of funds from the Office of Public School Construction on May 31, 2012. However, as Roseland did not yet receive its Advance release for site acquisition and more than six months has elapsed since the Authority's financial soundness determination, staff has conducted an additional financial soundness review for this purpose. Staff has conducted a reassessment of Roseland's financial soundness based on updated information that Roseland submitted on November 6, 2012 as well as information available through California Department of Education's website, including, but not limited to the following: (1) Roseland's

financial information; (2) current charter and verification of the charter’s expiration date; (3) academic performance results (from CDE’s website); (4) the Legal Status Questionnaire; (5) current and projected enrollment, as well as retention rates; (6) management and Board of Directors information; and (7) disclosure of any information that may have an impact on Roseland’s financial condition.

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.

Criteria	Comments
Eligibility Criteria	Roseland has met all Program eligibility criteria: 1) a charter is in place and effective through June 30, 2013; 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.
Demographic Information	Roseland currently serves 786 students in grades 7-12 and projects a capacity of 830 students in grades 7-12 upon project occupancy.
Debt Service Coverage	Roseland’s projected debt service coverage for 2015-16 and 2016-17 (first two years of CSFP payments) is 119.0% and 118.4%, respectively.
Other Financial Factors	<ul style="list-style-type: none"> • As of June 30, 2012, Roseland had cash-on-hand of \$1,644,520, and net working capital of \$2,909,766, representing 45.8% of expenses. • Roseland has committed to making a \$450,000 lump-sum payment toward the local matching share for the CSFP project during 2014-15, the first year of project occupancy. Roseland projects year-end net assets of \$2,807,019 for 2013-14, which is more than sufficient to make the lump-sum payment.
Student Performance	<ul style="list-style-type: none"> • In three of the past four years (all years except 2008-09), Roseland failed to meet all of its AYP criteria. Roseland is in its second year on “Program Improvement” status per the No Child Left Behind Act of 2001. • Based on its API base scores, Roseland’s statewide rankings were “5” and “5” for 2010-11 and 2011-12, respectively, and Roseland’s similar-schools rankings were “8” and “7,” respectively (“10” = best).

Program Eligibility: On July 30, 2012, 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. At its August 4, 2008 board meeting, Roseland Elementary School District approved a five-year renewal of the charter for Roseland Charter School for a term of July 1, 2008 through July 1, 2013.

Legal Status Questionnaire: Staff reviewed Roseland’s responses to the questions contained in the Legal Status Questionnaire (LSQ). 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 CSFP-funded project involves construction of a 32,000 sq. ft. multi-story building on a small 1.896 acre site. The new facility for RUP high school will serve approximately 400 students in grades 9-12 in 20 classrooms, including 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 is anticipated in 2014-15.

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-1 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.

Currently, Roseland is divided into two distinct major programs and facilities: its middle school program, Roseland Accelerated Middle School (RAMS), which started operations in September 2003 and serves grades 7-8, and whose facilities it shares with Sheppard Elementary School at 1777 West Avenue, Santa Rosa; and its high school program, Roseland University Prep, which started operations in September 2004 and serves students in grades 9-12, and whose facilities are located at 100 Sebastopol Road, Santa Rosa. Roseland has also added a second middle school facility beginning 2012-13 at 80 Ursuline Road, Santa Rosa, California. RAMS currently serves 358 students in grades 7-8 and RUP currently serves 428 students in grades 9-12.

As Roseland is chartered for grades K-12, beginning with the current year, Roseland has also begun an elementary school program with 44 kindergarteners and 40 first graders on the same facility as RAMS in anticipation of adding a new elementary school grade each year up to grade 6. It is noteworthy that Roseland’s elementary school program is budget neutral, in that the District is covering all operating expenses without Roseland bearing any financial risk.

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 for Roseland Charter School includes staff of the chartering authority, Roseland Elementary School District. District staff with key responsibilities for the charter school includes Gail Ahlas, District Superintendent; Rosie Greco, Business Manager; and Maria Lease, Personnel Services. Key staff for the school includes Aubin Giampaol, Principal of RUP, and Jenny Young, Principal of RAMS.

Gail Ahlas, founder and director of the charter school, has nine years of experience from 1994 to 2003 as principal of both traditional public and charter schools and has served as the District's Superintendent of Schools since 2003. Ms. Ahlas has a Master's Degree in Education and Policy Analysis, and an Administrative Credential from Stanford University

Aubin Giampaoli has served as Principal of Roseland's high school program, RUP, since July 2010. Prior to this position, Ms. Giampaoli served as Assistance Principal of RUP from 2008 to 2010 and as a teacher at RUP from 2004 to 2008. Ms. Giampaoli holds a B.A. from Christ College Medallion and a California Multiple Subjects Credential from Concordia University.

Rosie Greco has served as the district's Business Manager since 2000, and her education includes the School Business Management Certificate Program at the University of Southern California Rossier School of Education and Chief Business Official Certification from the California Association of School Business Officials.

Jenny Young has served as Principal of Roseland's middle school program, RAMS, since 2008, and served as Assistant Principal of RAMS from 2004 to 2008. Prior to these positions, Ms. Young served as a teacher at Roseland from 2000 to 2004. Ms. Young received her B.A. in Liberal Studies from California State University, Sacramento, and holds both California Administrative and Multiple Subjects Credentials.

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	2010-2013
Carlos Ayala	Sonoma State University, Interim Dean of the School of Education	Sonoma	2010-2013
Sondra Beam, Board President	Pharmaceutical Medicine	Sonoma	2002-2013
Ronnie Wilson, Board Vice President	Self-Employed	Sonoma	2001-2013
Carmel Curiel Larios	Insurance Agent	Sonoma	2007-2013

** All Board members' terms end on June 30, 2013, 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: 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. Schools with improving student performance trends are viewed favorably, especially if these trends exceed threshold goals set by the school or the California Department of Education (CDE). In order to measure student performance, staff utilizes Academic Performance Index (API) and Adequate Yearly Progress (AYP) trend data generated by the CDE. The API is also used as an indicator for measuring AYP per the No Child Left Behind Act of 2001. Any school not meeting AYP targets would face additional mandates and corrective actions if the school is a recipient of Federal Title 1 funds.

Roseland has more than four years of reported AYP information and API scores, allowing a review of progress and comparison to similar schools. The following table summarizes Roseland's student performance for the past four years.

Roseland Charter School	FY 2008/09	FY 2009/10	FY 2010/11	FY 2011/12
ADEQUATE YEARLY PROGRESS (AYP)				
Met All AYP Criteria?	Yes	No	No	No
Criteria Met / Required Criteria	18 / 18	14 / 17	10 / 18	13 / 18
Met API Indicator for AYP?	Yes	Yes	Yes	Yes
Met Graduation Rate?	Yes	NA	Yes	Yes
ACADEMIC PERFORMANCE INDEX (API)				
Met Schoolwide Growth Target?	Yes	No	Yes	No
Met Comparable Improvement Growth Target?	Yes	No	No	No
Met Both Schoolwide & CI Growth Targets?	Yes	No	No	No
API Base Statewide Rank (10 = best)	5	6	5	5
API Base Similar Schools Rank (10 = best)	7	10	8	7
School's Actual Growth	38	4	8	-3
Similar Schools Median of Actual Growth	14	17	8	0
Did School's Growth Exceed Median?	Yes	No	No	No

Roseland has achieved API growth scores of 743, 746, 753, and 748 for each year from 2008-09 to 2011-12, respectively. Based on its API base scores, Roseland's statewide rankings were "5" and "5" for 2010-11 and 2011-12, respectively, and Roseland's similar-schools rankings were "8" and "7," respectively ("10" = best). In three of the past four years (all years except 2008-09), Roseland failed to meet all of its AYP criteria. As such, Roseland is in its second year of Program Improvement status. Roseland met its API growth target for 2008-09 and 2010-11, but not for 2009-10 and 2011-12.

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), reflects increases each year and will continue to reflect increases until 2014. Therefore, with each successive year, charter schools are 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. As an example, since 2002, the percent-proficient requirements for English-language arts (elementary schools, middle schools, and elementary school districts) are as follows: 13.6% for each of 2001-02, 2002-03, and 2003-04; 24.4% for each of 2004-05, 2005-06, and 2006-07; 35.2% for 2007-08; 46.0% for 2008-09; 56.8% for 2009-10; 67.6% for 2010-11; and 78.4% for 2011-12. This specific requirement will increase up until 2014 with the following percent-proficient thresholds: 89.2% for 2012-13; and 100.0% for 2013-14. The English-language arts percent-proficient requirement for high schools shows a similar trend, as do the percent-proficient requirements for mathematics for both elementary schools and high schools. Given that each numerically significant subgroup within a school must meet the percent-proficient requirement in English-language arts and mathematics in order for the school to make AYP, and given the high prevalence of English-language learners in California, charter schools are faced with increasing difficulty in making AYP¹.

Upon staff's inquiry with District Superintendent Gail Ahlas in April 2012 regarding Roseland's action steps to address its academic performance, Ms. Ahlas provided the following statement:

¹ Information regarding AYP requirements is derived from the California Department of Education's "2010 Adequate Yearly Progress Report Information Guide".

“As AYP targets have been quickly increasing, Roseland Charter has entered Program Improvement for the first time this school year (2011-12). This is currently a trend across our county, as currently approximately 75% of Title I middle and high schools in Sonoma County are in PI. She added that Roseland Charter has fulfilled all requirements for schools in year 1 of program improvement. This includes: parental notification, offering school choice, providing professional development to teachers, and revising the school's site plan. Additionally schools are not assigned corrective action from the California Department of Education until they are in year 3 of program improvement. As a year 1 PI school, we revised our school plan with a focus on improving student achievement in English language arts and mathematics. Key elements of our revised plan include:

1. schoolwide quarterly benchmark assessments in English Language Arts and Math, followed by focused data analysis and collaborative planning to ensure that teachers are making data-based instructional decisions;
2. professional development for math teachers, with a focus on Explicit Direct Instruction, which helps ensure that all students meet grade level/course standards;
3. professional development for all high school English teachers on expository reading and writing Instruction, which helps prepare students for success in college;
4. extensive work on pacing and assessment schedules, to guarantee that all students are being taught a rigorous curriculum based on California state standards;
5. the addition of math intervention at the middle school level;
6. revision of high school schedules for the 2012-13 school year to allow for additional needed time for English language arts and math intervention.”

Upon staff's further inquiry with Ms. Ahlas in November 2012, Ms. Ahlas provided the following additional statement:

“Roseland Charter School teachers and administrative staff are committed to providing students with the curriculum, instruction and support services needed to increase achievement and prepare students for success in college. Recent state testing results have shown that our students are making terrific progress in English Language Arts. However, student achievement in mathematics has stagnated. Because of this, we have instituted a laser-like focus on improving math instruction. This includes the implementation of benchmark assessments, extending math instructional time, the adoption of curricular support materials, ongoing collaboration and data-analysis meetings, professional development and overall program monitoring by administrative staff. The school has received the AT&T Aspire Math & Science Grant, which we are able to use to support some of the aforementioned initiatives. In addition to our math focus, Roseland Charter School is committed to having a successful transition to Common Core Standards. A committee of teachers and administrators is working on an implementation plan for the new Common Core Standards, with our goal being to ensure that students are gaining the reading, writing and mathematics skills needed to be college and career ready upon graduation.”

As staff has noted Roseland's inconsistency with meeting AYP and API thresholds, staff will continue to monitor Roseland's academic performance to assess its improvement in meeting such thresholds.

Enrollment and Retention Rates: Not including the recent addition of elementary school grades K-1 since 2011-12, 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 to 786 students in grades 7-12 for the current 2012-13 academic year, with average annual growth of approximately 7.8% over the past five years. Due to the addition of two new classes in grades 7-8 classes in each of 2012-13 and 2013-14 at its new site on Ursuline Road, Roseland projects 855 students in grades 7-12 for 2013-14, consisting of 430 students in grades 7-8 and 425 students in grades 9-12. Due to the 400-student capacity for the CSFP project (grades 9-12), Roseland projects 830 students in grades 7-12 in 2014-15, and anticipates maintaining this level of enrollment through 2016-17, the second year of CSFP payments. Roseland currently has 36 students on its wait list for the middle school program and 10 students on its wait list for the high school program. For 2011-12 and 2012-13, Roseland achieved year-to-year retention rates of 97% and 94%. For 2010-11 and 2011-12, Roseland achieved ADA rates of 96% and 96%, respectively.

Staff notes that with the addition of four new classrooms at the 80 Ursuline Road site by 2013-14, Roseland projects the addition of 120 students in grades 7-8 as of 2013-14. For the current 2012-13 budget year, Roseland has enrolled 54 students at the new site. Based on Roseland’s consistent growth since inception of operations and year-to-year retention rates, staff considers Roseland’s enrollment projections to be reasonable.

Financial Analysis²: 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 2007-08 through 2010-11; (2) Roseland’s unaudited actual financial statements for 2011-12; (3) Roseland’s adopted budget for 2012-13; (4) Roseland’s multi-year budget projections for 2012-13 through 2016-17, and (5) projected enrollment for all grades through 2016-17.

Roseland Charter School	Actual FY 2008/09	Actual FY 2009/10	Actual FY 2010/11	Actual FY 2011/12	Budgeted FY 2012/13	Projected FY 2013/14	Projected FY 2014/15	Projected FY 2015/16	Projected FY 2016/17
ENROLLMENT PROJECTIONS									
Enrollment	603	644	689	702	786	855	830	830	830
Average Daily Attendance	557	618	618	674	755	821	797	797	797
Average Daily Attendance (%)	92%	96%	90%	96%	96%	96%	96%	96%	96%
FINANCIAL PROJECTIONS									
Total Revenues Available for CSFP Payment	\$ 5,217,918	\$ 5,017,427	\$ 5,856,344	\$ 7,288,876	\$ 6,560,832	\$ 6,782,192	\$ 6,814,739	\$ 6,941,784	\$ 7,072,006
Total Expenses Paid Before CSFP Payment	4,526,638	4,995,030	5,278,241	6,347,279	6,766,165	6,754,125	6,716,844	6,585,030	6,717,208
Accounting Adjustments	168,407	172,751	108,289	103,870	98,400	49,479	38,535	38,535	38,535
Net Revenues Available for CSFP Payment	\$ 859,687	\$ 195,148	\$ 686,392	\$ 1,045,467	\$ (106,933)	\$ 77,546	\$ 136,430	\$ 395,289	\$ 393,333
CSFP Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 332,140	\$ 332,140
Net Revenues After CSFP Payment	\$ 859,687	\$ 195,148	\$ 686,392	\$ 1,045,467	\$ (106,933)	\$ 77,546	\$ 136,430	\$ 63,149	\$ 61,193
FINANCIAL INDICATORS									
Net Revenues Available for CSFP Payment	\$ 859,687	\$ 195,148	\$ 686,392	\$ 1,045,467	\$ (106,933)	\$ 77,546	\$ 136,430	\$ 395,289	\$ 393,333
Debt Service Coverage by Net Revenues	N/A	N/A	N/A	N/A	N/A	N/A	N/A	119.0%	118.4%
Contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Service Coverage by Net Revenues (w/out Contributions)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	119.0%	118.4%
CSFP Lease Payment / Revenues	N/A	N/A	N/A	N/A	N/A	N/A	N/A	4.8%	4.7%
Contributions / Revenues	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net Revenues After CSFP Payment / Revenues	16.5%	3.9%	11.7%	14.3%	-1.6%	1.1%	2.0%	0.9%	0.9%
Revenues / ADA	\$ 9,368	\$ 8,119	\$ 9,476	\$ 10,816	\$ 8,695	\$ 8,263	\$ 8,553	\$ 8,712	\$ 8,876
Expenses / ADA	\$ 8,127	\$ 8,083	\$ 8,541	\$ 9,418	\$ 8,967	\$ 8,229	\$ 8,430	\$ 8,681	\$ 8,847
Surplus (Deficit) / ADA	\$ 1,241	\$ 36	\$ 935	\$ 1,397	\$ (272)	\$ 34	\$ 123	\$ 31	\$ 28
Net Working Capital	\$ 1,414,619	\$ 1,428,943	\$ 1,945,809	\$ 2,909,766					
Net Working Capital / Expenses	31.3%	28.6%	36.9%	45.8%					

² Although Roseland will ultimately be operating with grades K-12 during payment of its CSFP obligation, given that grades K-6 are budget neutral, the elementary grade enrollment is not incorporated into the financial analysis within this Report.

Staff's reassessment of Roseland's financial status is based on the following assumptions: (1) current student enrollment of 786 and projected student enrollment of 770 for 2013-14, and 830 for 2013-14 through 2015-17; (2) projected ADA rates of 96% each of 2011-12 through 2016-17; (3) a general purpose block grant rates of \$5,306 for grades 7-8 and \$6,148 for grades 9-12; (4) cost of living adjustments (COLAs) to the general purpose block grant rate of 0.0% for 2013-14 and 2.5% for each of 2014-15 through 2016-17; and (5) project occupancy in 2014-15.

Staff notes that, as part of its financial soundness review in April 2012, staff was notified that the District was willing to allow Roseland to subordinate specific district fees in the amount of \$64,000 in order to meet the debt service coverage requirement, and this subordination was included as an assumption in the analysis. However, as the current financially soundness review does not require this subordination in order to meet the minimum debt-service coverage requirement of 100% (described below), this subordination is no longer necessary. It is noteworthy that the COLA assumptions are considerably more conservative than normally requested of applicants, and were required in order to address recent constraints with the State budget.

Long-Term Liabilities – Based on the unaudited actual financial statements, as of June 30, 2012, Roseland had no outstanding long-term liabilities. Roseland previously had debt obligations resulting from three loans obtained from the Roseland Elementary School District for purposes of facilities and leasehold improvements, and the final principal payment of \$99,153 is to be paid during 2012-13. Roseland reported that it does not have any material contracts in excess of 5% of the school's gross revenues.

Performance/Change in Net Assets: Although Roseland anticipates a net deficit of \$346,414 for the current 2012-13 budget year, historically Roseland has exhibited strong performance with net revenues of \$691,280, \$22,397, \$578,103, and \$941,597 for 2008-09 through 2011-12, respectively. Further, Roseland anticipates net revenues of \$28,067, \$97,895, \$356,754, and \$354,798 for 2013-14 through 2016-17, respectively.

Debt Service Coverage: Assuming total project costs of \$13,920,182, a 3.0% interest rate, a 30-year repayment period, first full year of project occupancy in 2014-15, and the Roseland making a lump-sum payment of \$450,000, Roseland's annual CSFP payment will be \$332,140 beginning in 2015-16. With projected net revenues of \$356,754, and \$354,798 for 2015-16 and 2016-17, respectively, Roseland anticipates debt service coverage of 119.0% and 118.4% for these same years, respectively. CSFP payments would represent 4.8% and 4.7% of revenues for 2015-16 and 2016-17, respectively, which is well within the 10-15% recommended maximum threshold.

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

Liquidity: Based on unaudited 2011-12 actual financial statements, as of June 30, 2012, Roseland held \$1,644,520 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 2010-11 and 2011-12 was \$1,945,809 or 36.9%, and \$2,909,766 or 45.8% of total expenses, respectively. Both of these meet the targeted NWC of 5.0% or more of total expenses.

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 786 students for the current 2012-13 school year, and anticipates 830 for all projected years after project occupancy.
- + District Superintendent, Gail Ahlas, founded the charter school and has served in her position since 2003.
- + Roseland projects debt service coverage of 119.0% and 118.4% for 2015-16, and 2016-17, respectively, which meets the Program’s minimum debt service coverage requirement of 100%.
- +/- Roseland met its API growth target in two of the past four years, 2008-09 and 2010-11. In addition, based on its API base score for 2011-12, Roseland achieved a statewide rank of “5” and a similar schools rank of “7” (“10” = best).
- Roseland failed to meet all AYP criteria for each of the past three years and is currently in its second year of Program Improvement status.

Staff Recommendation: Staff recommends that the Authority determine that Roseland is financially sound for purposes of the Charter School Facilities Program Advance and Final Apportionments. This recommendation is contingent upon Roseland electing to have its CSFP payments intercepted at the state level, pursuant to Sections 17199.4 and 17078.57(a)(1)(A) of the Education Code. Staff recommends that the Authority direct staff to notify the Office of Public School Construction (OPSC) and the State Allocation Board regarding this determination.